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No.

In the Supreme Court of the United States

OCTOBER TERM, 1984

MARGARET M. HECKLER, SECRETARY OF HEALTH and HUMAN SERVICES, PETITIONER

v.

MARIO LOPEZ, ET AL.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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QUESTION PRESENTED

Whether the district court had jurisdiction over the claims of class members who received adverse administrative decisions under Title II or Title XVI of the Social Security Act more than 60 days before this suit was filed, but who did not seek review of those decisions within the 60 days allowed under the Act and implementing regulations.

PARTIES TO THE PROCEEDINGS

The petitioner is the Secretary of Health and Human Services. The respondents consist of the following groups of plaintiffs in district court:

1. Twenty individuals were named as plaintiffs in the complaint: Mario Lopez, Wallace Dorsey, Joel Tapia, Louis Ortiz, Marilyn Cropper, Carl Smith, James Board, Mary R. Diaz, Richard N. Alton, Lloyd R. Hittle, Ouida Brown, Irvin Evans, Trinidad Lopez, Elizabeth Holmes, Emma Kelly, Kimberly Bailey, Marvin Robert White, Wendy Fumi Murakami, Freddy Rose, and David Valenzuela.

2. Fourteen organizations were named as plaintiffs in the complaint: People First of California, Inc., People United for Self Help, Inc., Disabled Rights Union, Los Angeles Network Against Psychiatric Assault, Alliance of Social Security Disability Recipients, Humboldt Access Project, Adult Independence Development Center, California Association for Physically Handicapped (Independent Living Center), Center for Independent Living for San Gabriel Valley, Rolling Start, South East Center for Independent Living, Consortium of Independent Living Centers, Senior Political Action Federation, and California Association of the Physically Handicapped.

3. The district court certified a class of plaintiffs consisting of (App., *infra*, 99a):

> all persons who live within [the Ninth Circuit], who (a) receive or received Supplemental Security Income Disability benefits or Social Security disability insurance benefits and have been or will be considered for termination after August 30, 1981, or (b) receive or received Supplemental Security Income disability benefits under the "grandfather clause" of the Social Security Act, 42 U.S.C. § 1382c(a)(3)(E), and have been or will be considered for termination after August 25, 1980, such consideration being or having been for the asserted reason that the claimant's disability had ceased.

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	2
Statutory and regulatory provisions involved	2
Statement	2
A. The statutory and regulatory framework	3
B. The proceedings in this case	7
Reasons for granting the petition	15
Conclusion	29
Appendix A	1a
Appendix B	46a
Appendix C	47a
Appendix D	67a
Appendix E	73a
Appendix F	84a
Appendix G	94a
Appendix H	98a
Appendix I	101a

TABLE OF AUTHORITIES

Cases:

Albemarle Paper Co. v. *Moody*, 422 U.S. 405 27
Califano v. *Sanders*, 430 U.S. 99 ..... 7, 12, 15, 16, 17, 20, 21, 22, 29
Califano v. *Yamasaki*, 442 U.S. 682 17
Cobbledick v. *United States*, 309 U.S. 323 19
Finnegan v. *Matthews*, 641 F.2d 1340 ..... 7, 8, 9, 10, 11, 14, 20, 25
Goldberg v. *Kelly*, 397 U.S. 254 5
Haig v. *Agee*, 453 U.S. 280 19

Cases—Continued: Page

Heckler v. *Campbell*, No. 81-1983 (May 16, 1983).. 18
Heckler v. *Day*, No. 82-1371 (May 22, 1984) 4
Heckler v. *Ringer*, No. 82-1772 (May 14, 1984)..15, 16, 19, 20, 27, 28, 29
Hunt v. *Schweiker*, 685 F.2d 121 26
Lehman v. *Nakshian*, 453 U.S. 156 26
Lorillard v. *Pons*, 434 U.S. 575 19
Mathews v. *Diaz*, 426 U.S. 67 19
Mathews v. *Eldridge*, 424 U.S. 319 .....3, 4, 5, 8, 20
North Dakota v. *United States*, No. 81-773 (Mar. 7, 1983) 28
Patti v. *Schweiker*, 669 F.2d 582....7, 8, 9, 10, 11, 14, 20, 25
Schweiker v. *Hansen*, 450 U.S. 785 14
Soriano v. *United States*, 352 U.S. 270 26
United States v. *Estate of Donnelly*, 397 U.S. 286.. 25
United States v. *Kubrick*, 444 U.S. 111 26
United States v. *Mendoza*, No. 82-849 (Jan. 10, 1984) 22, 25
United States v. *Morton*, No. 83-916 (June 19, 1984) 25
United States v. *Sherwood*, 312 U.S. 584 26
United States v. *Testan*, 424 U.S. 382 26
United States v. *Welden*, 377 U.S. 95 28
Utah Power & Light Co. v. *United States*, 243 U.S. 389 25
Weinberger v. *Salfi*, 422 U.S. 749....15, 19, 21, 22, 27, 28, 29

Constitution, statutes, regulations and rule:

U.S. Const. Amend. V (Due Process Clause)..... 5
Act of Oct. 5, 1962, Pub. L. No. 87-748, 76 Stat. 744 28
Social Security Act, 42 U.S.C. (& Supp. V) 304 *et seq.*:
Tit. II, 42 U.S.C. (& Supp. V) 401 *et seq.* 2
§ 205, 42 U.S.C. 405 27
§ 205(a), 42 U.S.C. 405(a) 2
§ 205(b), 42 U.S.C. (Supp. V) 405(b) 2, 5, 18
§ 205(g), 42 U.S.C. 405(g) .....*passim*
§ 205(g), 42 U.S.C. (Supp. V) 405(g) 2, 6, 7, 8, 13, 16, 21, 27

Constitution, statutes, regulations and rule—Continued Page

§ 205(h), 42 U.S.C. 405(h) 2, 23, 27, 28
§ 205(i), 42 U.S.C. 405(i) 14
§ 205 note, 42 U.S.C. 405 note 27
§ 221(a), 42 U.S.C. (Supp. V) 421(a) 2, 4
§ 221(d), 42 U.S.C. (Supp. V) 421(d) 2, 5, 6
§ 221(h), 42 U.S.C. (Supp. V) 421(h) 3
§ 223(a)(1), 42 U.S.C. (& Supp. V) 423(a)(1) 3
§ 223(d)(2)(A), 42 U.S.C. 423(d)(2)(A) 3
§ 223(d)(3), 42 U.S.C. 423(d)(3) 3
§ 225, 42 U.S.C. (& Supp. V) 425 3
Tit. XVI, 42 U.S.C. (& Supp. V) 1381 *et seq.* 2
§ 1614(a)(3)(B), 42 U.S.C. (& Supp. V) 1382c(a)(3)(B) 3
§ 1614(a)(3)(E), 42 U.S.C. (& Supp. V) 1382c(a)(3)(E) 10
§ 1631(c), 42 U.S.C. (Supp. V) 1383(c) 2, 21
§ 1631(c)(1), 42 U.S.C. (Supp. V) 1383(c)(1) 5, 18
§ 1631(c)(3), 42 U.S.C. (Supp. V) 1383(c)(3) 6
§ 1631(d)(1), 42 U.S.C. (& Supp. V) 1383(d)(1) 2
§ 1633(a), 42 U.S.C. 1383b(a) 4
Social Security Amendments of 1954, ch. 1206, § 106, 68 Stat. 1079 18
Social Security Amendments of 1956, ch. 836, § 103, 70 Stat. 815 18
Social Security Amendments of 1972, Pub. L. No. 92-603, Tit. III, 86 Stat. 1465 *et seq.* 18
Pub. L. No. 97-455, 96 Stat. 2497 *et seq.*:
§ 2, 96 Stat. 2498 (to be codified at 42 U.S.C. 423(g)) 6
§ 4(a), 96 Stat. 2499 (to be codified at 42 U.S.C. 405(b)(2)) 4
Pub. L. No. 98-118, § 2, 97 Stat. 803 6
28 U.S.C. 1331 2
28 U.S.C. 1361 ..... 2, 13, 27, 28

Constitution, statutes, regulations and rule—Continued Page

20 C.F.R.:

Pt. 403:

Section 403.706(c) (1954 & 1956) 18
Section 403.708(b) (1954 & 1956) 18
Section 403.708(g) (1954 & 1956) 18
Section 403.709(b) 18
Section 403.709(*l*) (1954 & 1956) 18
Section 403.710(b) (1954 & 1956) 18
Section 403.710(e) (1954 & 1956) 18

Pt. 404, Subpt. J. 2

Section 404.900(a)(5) 6
Section 404.903(g) 5
Section 404.903(*l*) 7
Section 404.904 4
Section 404.905 4
Sections 404.907-404.921 4
Section 404.908 (1972) 18
Section 404.909(a)(1) 4
Section 404.909(b) 5
Section 404.911 (1972) 18
Section 404.916 (1972) 18
Section 404.918 (1972) 18
Section 404.920(a) 5
Section 404.921 5
Section 404.933(b) 5
Section 404.940 (1972) 18
Sections 404.944-404.965 5
Section 404.946 (1972) 18
Section 404.951 (1972) 18
Section 404.955(a) 6
Sections 404.967-404.983 6
Section 404.968(a)(1) 6
Section 404.981 ..... 6, 7
Section 404.982 ..... 7, 24
Section 404.987 ..... 7, 21
Section 404.988 ..... 7, 10
Section 404.989 7

Constitution, statutes, regulations and rule—Contnued Page

Section 404.1503 4
Section 404.1579 9
Section 404.1586 9
Section 404.1593 4
Section 404.1594 ..... 3, 9
Sections 404.1594-404.1595 4
Section 404.1597 3
Pt. 416, Subpt. N 2
Section 416.903 4
Section 416.993 4
Section 416.994 ..... 4, 9
Section 416.1336(b) 5
Section 416.1403(a)(5) 6, 7
Section 416.1403(a)(8) 5
Section 416.1404(b)(3) 5
Section 416.1405 5
Section 416.1407 5
Section 416.1409(a) 5
Sections 416.1429-416.1465 5
Section 416.1455(a) 6
Sections 416.1467-416.1483 6
Section 416.1468 6
Section 416.1481 ..... 6, 7
Section 416.1482 ..... 7, 24
Section 416.1487 ..... 7, 21
Section 416.1488 ..... 7, 10
Section 416.1489 7
Fed. R. Civ. P. 8(c) 22

Miscellaneous:

130 Cong. Rec.:
p. H1986 (daily ed. Mar. 27, 1984) 6
p. S6203 (daily ed. May 22, 1984) 6
5 Fed. Reg. (1940):
p. 4169 18
pp. 4171-4174 18
45 Fed. Reg. 55566 (1980) 9
H.R. 3755, 98th Cong., 2d Sess. (1984) 6, 29
H.R. Rep. 728, 76th Cong., 1st Sess. (1939) 27
S. Rep. 734, 76th Cong., 1st Sess. (1939) 27

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No.

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v.

MARIO LOPEZ, ET AL.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

The Solicitor General, on behalf of the Secretary of Health and Human Services, petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The February 22, 1984 opinion of the court of appeals (App., *infra*, 1a-45a) is reported at 725 F.2d 1489, and the August 24, 1983 opinion of the court of appeals denying the Secretary's application for a stay pending appeal (App., *infra*, 47a-66a) is reported at 713 F.2d 1432. The August 18, 1983 order of the court of appeals denying the Secretary's emergency motion for a stay pending appeal (App., *infra*, 67a-72a) is unreported. The district court's order dated June 16, 1983 (App., *infra*, 84a-93a) is reported at 572 F. Supp. 26. The district court's memorandum of decision dated June 16, 1983 (App., *infra*, 73a-83a), its memorandum of decision dated July 27, 1983 (App., *infra*, 94a-97a), and its order dated August 4, 1983, amending the June 16, 1983 memorandum of decision and order (App., *infra*, 98a-100a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on February 22, 1984 (App., *infra*, 1a), and the order of the court of appeals directing that no petition for rehearing or rehearing en banc would be entertained by the panel was entered on the same date (App., *infra*, 46a). By order dated May 15, 1984, Justice Rehnquist extended the time within which to file a petition for a writ of certiorari to and including June 29, 1984, and by order dated June 21, 1984, Justice Rehnquist further extended the time within which to file the petition to and including July 20, 1984. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATUTORY AND REGULATORY PROVISIONS INVOLVED

28 U.S.C. 1331 and 1361; Sections 205(a), (b), (g) and (h), 221(a) and (d), and 1631(c) and (d)(1) of the Social Security Act, as codified at 42 U.S.C. (& Supp. V) 405(a), (b), (g) and (h), 421(a) and (d), and 1383(c) and (d)(1); and relevant provisions of the procedural regulations for processing claims for disability and other benefits under Title II of the Social Security Act, 42 U.S.C. (& Supp. V) 401 *et seq.*, 20 C.F.R. Pt. 404, Subpt. J, are reproduced at App., *infra*, 110a-123a.

STATEMENT

On the merits, this class action concerns the evidentiary principles applied by the Secretary of Health and Human Services in determining whether a recipient of disability benefits under Title II or Title XVI of the Social Security Act (42 U.S.C. (& Supp. V) 401 *et seq.*, 1381 *et seq.*) continues to be entitled to receive benefits. However, the merits of the case are not now before the

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[1] The regulations governing the processing of claims for disability benefits under the Supplemental Security Income (SSI) program established by Title XVI of the Social Security Act (20 C.F.R. Pt. 416, Subpt. N) are essentially identical to those applicable to Title II claims and therefore are not separately set out in the Appendix.

Court. In this Petition, we seek review of the judgment of the court of appeals insofar as it affirms the district court's exercise of jurisdiction with respect to certain of the class members. Specifically, we submit that the district court erred in ordering the Secretary to reopen thousands of administrative decisions terminating disability benefits that had become final and binding before this suit was filed when the claimants failed to seek further review of those decisions within the 60-day period allowed by the Social Security Act and implementing regulations. The rulings of this Court leave no doubt that the courts below lacked authority to resurrect these stale claims.

A. The Statutory And Regulatory Framework

1. Titles II and XVI of the Social Security Act provide for the payment of disability benefits to a person who, because of a physical or mental impairment, is unable to do his previous work or to "engage in any * * * kind of substantial gainful work which exists in the national economy." 42 U.S.C. 423(d)(2)(A), 1382c(a)(3)(B). An individual who is found to be disabled thereafter may continue to receive benefits only for as long as his status continues to satisfy the statutory definition of disability. 42 U.S.C. (& Supp. V) 423(a)(1), 425; 20 C.F.R. 404.1594, 404.1597. Accordingly, Congress has provided for the Secretary, at least once every three years, to review the cases of individuals who previously were found to be disabled under Title II in order to ascertain whether they continue to be eligible for benefits. 42 U.S.C. (Supp. V) 421(h). The Secretary has provided for a parallel program of periodic review under the Title XVI Supplemental Security Income (SSI) program. When the individual's case is reviewed, he bears the burden of showing, "by means of 'medically acceptable clinical and laboratory diagnostic techniques,'" that he continues to have a physical or mental impairment of sufficient severity to satisfy the statutory standard of disability. *Mathews* v. *Eldridge*, 424 U.S. 319, 336 (1976), quoting 42 U.S.C. 423(d)(3).

2. "To facilitate the orderly and sympathetic administration of the disability program[s] * * *, the Secretary and Congress have established an unusually protective * * * process for the review and adjudication of disputed claims." *Heckler* v. *Day*, No. 82-1371 (May 22, 1984), slip op. 2.

a. The initial determination whether a person receiving benefits is still disabled ordinarily is made by a state agency, pursuant to regulations, guidelines, and performance standards established by the Secretary, through the Social Security Administration (SSA). 42 U.S.C. (Supp. V) 421(a) and 42 U.S.C. 1383b(a); 20 C.F.R. 404.1503, 416.903. The individual first is notified that his case has been selected for review and is requested to furnish information about his current medical condition and the identity of his treating physician. 20 C.F.R. 404.1593, 416.993. If the state agency then makes a tentative determination that his disability has ceased, the individual is given an advance written notice and explanation and is informed that he has 10 days within which to submit any additional information. 20 C.F.R. 404.1594-404.1595, 416.994. After this 10-day period and the receipt of any further evidence, the state agency makes its initial determination. See *Mathews* v. *Eldridge*, 424 U.S. at 337-338.

b. If the state agency determines that an individual receiving Title II disability benefits no longer is disabled, he may request a de novo reconsideration. 20 C.F.R. 404.904, 404.907-404.921.[2] Governing regulations provide—and the individual is explicitly notified—that reconsideration must be requested within 60 days of his receipt of the adverse initial determination. The initial determination terminating benefits becomes binding upon the claimant if he does not request reconsideration within the stated time period. 20 C.F.R. 404.905, 404.909(a)(1). Although the individual may request that the

[2] Under amendments to the Act effective January 12, 1984, the individual must be afforded an opportunity for a face-to-face evidentiary hearing at the reconsideration stage. Pub. L. No. 97-455, § 4(a), 96 Stat. 2499, to be codified at 42 U.S.C. 405(b)(2).

60-day period for seeking further review at this or any other stage of the process be extended by SSA for good cause (see, *e.g.*, 20 C.F.R. 404.909(b)), the denial of such a request is not subject to administrative or judicial review. 20 C.F.R. 404.903(g), 416.1403(a)(8).

c. If the decision on reconsideration is adverse to the claimant, the next step in the administrative review process is an opportunity for an evidentiary hearing before an administrative law judge (ALJ) in SSA, as required by the Social Security Act itself. 42 U.S.C. (Supp. V) 421(d); 20 C.F.R. 404.944-404.965.[3] The Social Security Act provides that an individual must request an ALJ hearing within 60 days (42 U.S.C. (Supp. V) 405(b), 1383(c)(1)), and implementing regulations provide that the decision that his disability has ceased is binding unless he requests an ALJ hearing within that period. 20 C.F.R. 404.920(a), 404.921, 404.933(b), 416.1404(b)(3), 416.1405, 416.1409(a).

Because entitlement to SSI benefits is based on need (42 U.S.C. 1382(a)), the Secretary has implemented this Court's decision in *Goldberg* v. *Kelly*, 397 U.S. 254 (1970), by providing that payment of benefits under Title XVI will be continued, even after an adverse initial determination, until the ALJ has rendered his decision. 20 C.F.R. 416.1336(b). By contrast, this Court held in *Mathews* v. *Eldridge* that the Due Process Clause does not require the Secretary to continue payment of disability benefits under Title II, which are not based on need, until after the claimant has had an opportunity for an ALJ hearing. 424 U.S. at 339-349. However, Congress enacted temporary legislation in 1982 permitting the claimant in a Title II disability termination case to

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[3] The Secretary has omitted the reconsideration stage in SSI termination cases under Title XVI of the Act, and the SSI recipient therefore is entitled to the statutorily required ALJ hearing directly after receiving notice of an adverse initial determination. 42 U.S.C. (Supp. V) 1383(c)(1); 20 C.F.R. 416.1407, 416.1429-416.1465.

elect to receive interim benefits pending receipt of the ALJ's decision, subject to recoupment if the ALJ affirms the reconsideration decision that his disability has ceased.[4] Although this temporary authorization has expired, bills have passed both Houses of Congress at the time of the filing of this petition that would reinstitute the Title II interim benefits authorization.[5]

d. If the decision by the ALJ after a hearing is adverse to the claimant under either Title II or Title XVI, he then may seek review by the Appeals Council in SSA. 20 C.F.R. 404.967-404.983, 416.1467-416.1483. The regulations provide that if the claimant does not seek Appeals Council review within 60 days or such further period as the Secretary permits, the ALJ's decision is binding. 20 C.F.R. 404.955(a), 404.968(a)(1), 416.1455(a), 416-.1468.

e. Only after the Appeals Council has either denied review of the ALJ's decision, or has granted review and rendered its own decision on the merits, is the Secretary deemed to have rendered her "final decision" or "final determination" on the claim, which is then subject to judicial review in federal district court pursuant to 42 U.S.C. (Supp. V) 405(g). See 42 U.S.C. (Supp. V) 421(d) and 42 U.S.C. 1383(c)(3); 20 C.F.R. 404.900 (a)(5), 404.981, 416.1400(a)(5), 416.1481. The Act requires that judicial review be "commenced within sixty

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[4] Pub. L. No. 97-455, § 2, 96 Stat. 2498, to be codified at 42 U.S.C. 423(g). The temporary authorization (as briefly extended by Pub. L. No. 98-118, § 2, 97 Stat. 803) applies to any case in which the initial determination that the disability had ceased was made on or after (or was pending on administrative review on) the effective date of the Act (January 12, 1983), but before December 7, 1983. HHS was authorized to continue to pay benefits in such cases through June 1984 or until the ALJ rendered his decision, whichever occurred first.

[5] See Section 203 of H.R. 3755, 98th Cong., 2d Sess., as passed by the House of Representatives on March 27, 1984 (130 Cong. Rec. H1986 (daily ed.)), and Section 5 of H.R. 3755, 98th Cong., 2d Sess., as passed by the Senate on May 22, 1984 (130 Cong. Rec. S6203 (daily ed.)).

days after the mailing to [the claimant] of notice" of the final decision or final determination, "or within such further time as the Secretary may allow." 42 U.S.C. (Supp. V) 405(g). If judicial review is not sought within this time period, the Appeals Council's decision (or the ALJ's decision, if the Appeals Council denied review) is binding upon the claimant. 20 C.F.R. 404.981, 404.982, 416.1481, 416.1482.

f. Although, as we have seen, an adverse decision at any step of the administrative process becomes final and binding upon the claimant if he does not seek further review within the 60 days allowed, the Secretary has provided by regulation that such a decision may be reopened within 12 months for any reason, within two or four years for good cause, and at any time if the decision was obtained by fraud or similar fault. 20 C.F.R. 404.987, 404.988, 404.989, 416.1487, 416.1488, 416.1489. However, a denial of a request to reopen is not subject to administrative or judicial review. 20 C.F.R. 404.903(*l*), 416.1403(a)(5). See *Califano* v. *Sanders*, 430 U.S. 99, 108 (1977).

B. The Proceedings in this Case

1. This action was filed in the United States District Court for the Central District of California on February 4, 1983, by 20 named disability claimants and 14 organizational plaintiffs. They contended that the Secretary may not terminate the payment of disability benefits under Title II and Title XVI of the Social Security Act to individuals who a state agency or SSA has determined are not currently disabled unless the state agency or SSA also produces evidence that the person's medical condition has improved over what it was when he was found to be disabled. Respondents maintained that the Secretary was required to adopt a "medical improvement" prerequisite to cessation of benefits under two decisions of the Ninth Circuit (*Finnegan* v. *Mathews*, 641 F.2d 1340 (1981), and *Patti* v. *Schweiker*, 669 F.2d 582 (1982)) and that the Secretary's failure to follow the result in those cases when reviewing claims of other individuals violated con-

stitutional principles of separation of powers and due process. E.R. 11-12, 17-20, 40-51.[6]

The *Finnegan* decision relied upon by respondents in the complaint was an action for judicial review under 42 U.S.C. 405(g) by a "grandfatheree" who had been transferred to the federal SSI rolls from a state public assistance plan when the SSI program was established in 1974. The Secretary terminated the individual's benefits on the ground that he was not disabled within the meaning of Title XVI of the Social Security Act. The Ninth Circuit held, however, that benefits could not be terminated absent proof of either a material improvement in the individual's medical condition demonstrating that he no longer is disabled within the meaning of the state statute or a showing of a clear and specific error during the prior state determination. 641 F.2d at 1344-1347. The court did not explain the basis of this conclusion, except to assert that a showing of medical improvement "logically" was necessary. *Id.* at 1345. The *Patti* decision relied upon by respondents in the complaint was an individual action under 42 U.S.C. 405(g) involving an SSI claimant who was not a "grandfatheree." The Ninth Circuit acknowledged in *Patti* that the claimant bears the burden in a disability termination case of proving that he is currently disabled. But the court held that because the claimant previously was found to be disabled, she was entitled to a presumption that her condition had not changed. Accordingly, the court concluded that the Secretary must rebut that presumption by producing evidence of improvement in the claimant's medical condition. The court did not cite any provisions of the Social Security Act as mandating such a presumption; the court instead relied on its own view of appropriate evidentiary burdens. 669 F.2d at 586-587.

On August 20, 1980—subsequent to the administrative proceedings in which the individual claimants in *Finne-*

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[6] "E.R." refers to the Excerpts of Record filed in the court of appeals.

gan and *Patti* were found not to be disabled, but before the Ninth Circuit rendered its decisions in those cases—the Social Security disability regulations were revised to make clear that an individual's disability would be found to have ceased when current evidence shows that he does not meet the statutory definition of disability. The regulations stressed that it was not necessary for the Secretary to find actual improvement in the individual's medical condition. 45 Fed. Reg. 55566 (1980). See 20 C.F.R. 404.1579, 404.1586, 404.1594, 416.994. See also Social Security Ruling (SSR) 81-6, reproduced at App., *infra*, 92a-93a.

The Secretary's new regulations were not invalidated or even cited by the Ninth Circuit in *Finnegan* and *Patti*. Accordingly, although the Secretary of course complied with the judgments in *Finnegan* and *Patti* by restoring benefits to the particular individuals involved in those cases, the Secretary published rulings stating that the decisions in *Finnegan* and *Patti* would not be followed in administrative cases concerning other claimants. See SSR 82-10c and SSR 82-49c, reproduced at App., *infra*, 87a-91a. With regard to *Finnegan*, SSA explained that many grandfatherees had been on the state rolls for years prior to their conversion to the SSI program and that the evidence on which they had been found eligible might not be available. SSA reasoned that in such circumstances it "could not possibly prove either 'material improvement' or 'clear and specific error' in the prior State determination" and that it therefore was appropriate to focus on current evidence of the claimant's condition (App., *infra*, 88a). With regard to *Patti*, SSA explained that the final administrative decision under review by the Ninth Circuit in that case had been rendered prior to issuance of the new regulations in August 1980, "so that the court's decision in *Patti* was based on an administrative decision involving regulations no longer in effect" (App., *infra*, 90a). "For these reasons (and since there are other Court of Appeals decisions which do not require a showing of improvement to terminate

disability benefits)," SSA concluded that "*Patti* does not provide a judicial interpretation of the disability regulations which should be followed" in cases involving other claimants (*id.* at 91a).

2. The district court in the instant case certified a plaintiffs' class consisting of all persons who reside in the states comprising the Ninth Circuit and who "(a) receive or received Supplemental Security Income disability benefits or Social Security disability insurance benefits and have been or will be considered for termination after August 30, 1981, or (b) receive or received Supplemental Security Income disability benefits under the 'grandfather clause' of the Social Security Act, 42 U.S.C. § 1382c(a)(3)(E), and have been or will be considered for termination after August 25, 1980, such consideration being or having been for the asserted reason that the claimant's disability had ceased" (App., *infra*, 99a). The two dates were selected to be one year prior to the dates on which the court of appeals' decisions in *Patti* and *Finnegan*, respectively, became final, because the Secretary's regulations provide that she may reopen an administrative decision denying a claim for one year after that decision became final (App., *infra*, 82a nn. 8, 9; see 20 C.F.R. 404.988, 416.1488).

The district court found a probability that respondents would succeed on the merits of their argument that the Secretary's "nonacquiescence" in the Ninth Circuit's decisions in *Patti* and *Finnegan* violated due process and principles of separation of powers (App., *infra*, 78a-80a). The court therefore entered a "preliminary injunction" prohibiting the Secretary, in adjudicating claims of class members still actively pending on administrative review, from failing to follow *Patti* and *Finnegan* and from implementing the SSR adhering to her August 20, 1980 regulations (App., *infra*, 85a). In addition, in Paragraph 4(c) of its order, the court instructed the Secretary to notify each class member whose benefits had been terminated at any time after August 25, 1980 or August 30, 1981, as applicable, that he or she "may apply for

reinstatement of benefits if he or she believes that his or her medical condition has not improved following the granting of disability benefits" (App., *infra*, 86a). Upon receipt of such an application, the Secretary was required to reinstate the payment of benefits to the individual pending a review of his or her case under the medical improvement standard of *Patti* and *Finnegan* (*ibid.*).

3. The Secretary applied for a temporary stay of Paragraph 4(c) of the district court's order to delay the sending of the notices until the court of appeals had an opportunity to consider an application for a stay pending appeal. However, the court of appeals denied a temporary stay (App., *infra*, 67a-72a), and the Secretary sent notices on August 15, 1983 to 28,557 class members whose benefits had been terminated (*id.* at 52a).[7] The court of appeals subsequently denied the Secretary's application for a stay of Paragraph 4(c) pending appeal (App., *infra*, 47a-66a).

On September 9, 1983, however, Justice Rehnquist granted the Secretary's application for a stay of Paragraph 4(c) pending appeal, expressing serious doubts that the district court had jurisdiction over the claims of class members affected by Paragraph 4(c) or had authority to order the payment of benefits to them pending reopening and review of their cases. *Heckler* v. *Lopez* (*Lopez I*), No. A-145. The full Court then denied respondents' motion to vacate that stay. *Heckler* v. *Lopez* (*Lopez II*), No. A-145 (Oct. 11, 1983). Although Justice Stevens, joined by Justice Blackmun, dissented from the Court's order in other respects, he agreed that Justice Rehnquist had properly entered a stay insofar as Paragraph 4(c) applied to class members who had received administrative decisions denying their claims for benefits more than 60 days prior to the filing of this

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[7] See Affidavit (at ¶ 5) of Jean Hall Hinckley, Acting Deputy Associate Commissioner, Office of Disability, Social Security Administration, included as Attachment G to the Secretary's Application for a Stay Pending Certiorari filed in this Court on March 5, 1984.

suit on February 4, 1983 but who did not seek judicial review within that 60-day period. Justice Stevens observed that "[t]hese persons' right to seek administrative or judicial review of their termination decisions had expired, and they could obtain benefits only by requesting that the Secretary reopen their cases" (*id.*, slip op. 3 (Stevens, J., concurring and dissenting)). Justice Stevens concluded that, under this Court's decision in *Califano* v. *Sanders*, 430 U.S. 99 (1977), "the District Court had no jurisdiction to review the Secretary's refusal to reopen these cases" and "should not have granted them relief" (*Lopez II*, slip op. 3). Justice Brennan, in a dissent joined by Justice Marshall, did not disagree with Justice Stevens' legal analysis; he instead would have left the preliminary injunction standing insofar as it applied to these class members based on the court of appeals' observation in denying a stay (App., *infra*, 64a) that the Secretary might have waived the 60-day requirement by failing to raise that issue in district court (*Lopez II*, slip op. 3 (Brennan, J., dissenting)).

3. In a decision rendered on February 22, 1984, the court of appeals substantially affirmed the district court's preliminary injunction (App., *infra*, 1a-45a). Justice Rehnquist and Justice Stevens had concluded in the proceedings on the stay that the Court should disregard respondents' characterization of their legal arguments as "constitutional" in nature. *Lopez I*, slip op. 8 (Rehnquist, Circuit Justice); *Lopez II*, slip op. 6 (Stevens, J., concurring and dissenting). The court of appeals disagreed, stating that respondents' arguments "may properly be treated as constitutional for purposes of the inquiry before us" (App., *infra*, 22a n.10). Against this background, the court rejected the Secretary's jurisdictional arguments and her contention that the district court was without authority to order the payment of benefits pending reopening and review of closed cases.

a. First, although Justice Stevens and Justice Blackmun had expressly concluded, and five other Justices had implicitly agreed, that the district court had no jurisdic-

tion over the claims of class members who had received binding decisions terminating their benefits more than 60 days before this suit was filed, the court of appeals held that respondents were likely to succeed on their contentions that the district court did have jurisdiction over these claims (App., *infra*, 29a-36a).[8] The court acknowledged, contrary to its observation in denying a stay pending appeal, that the Secretary in fact had raised the 60-day limitations issue in district court, and it also acknowledged that "[t]he traditional requirements for equitable tolling of a statute of limitations are not present here" (*id.* at 31a). But the court explained its affirmance of the preliminary injunction as to these class members by suggesting that the 60-day limitations period might not apply where constitutional issues are presented (*id.* at 31a-33a), that the 60-day period may be "waived" by a court over the Secretary's objection (*id.* at 33a-34a), and that running of the 60-day period might be "deemed tolled retroactively" for all class members beginning on the date on which any class representative first filed an administrative appeal (*id.* at 36a). The court further held that even if the district court was without authority to review the time-barred claims under 42 U.S.C. 405(g), it nevertheless could require the Secretary to reopen those claims through the exercise of mandamus jurisdiction under 28 U.S.C. 1361 (App., *infra*, 36a-38a).

b. With respect to other class members affected by Paragraph 4(c) of the district court's order, the court of appeals dispensed with the requirement that they exhaust their administrative remedies before seeking judicial review under 42 U.S.C. 405(g). Although the court did not dispute the Secretary's submission that many of these class members might have their benefits reinstated in the course of seeking further administrative review

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[8] Judge Boochever disagreed with the majority on this issue. He concluded, for the reasons given by Justice Stevens, that the district court had no jurisdiction under 42 U.S.C. 405(g) over such claims (App., *infra*, 44a-45a).

of the denial of their claims, the court nevertheless found jurisdiction on the basis of its conclusion that exhaustion would be futile with regard to a particular issue—whether the evidence should be reviewed under a medical improvement standard—that might be raised in the administrative proceedings (App., *infra*, 19a-22a). The court also excused exhaustion on the ground that the "constitutional" issues respondents raised were "collateral" to their substantive claims for benefits (*id.* at 22a-26a).

c. Finally, although Justice Rehnquist in granting a stay had expressed "serious doubt," which he believed would be shared by other Members of the Court, whether the district court's order requiring the payment of interim benefits was consistent with 42 U.S.C. 405(i) and this Court's decision in *Schweiker* v. *Hansen*, 450 U.S. 785 (1981) (*Lopez I*, slip op. 6-7, 9), the court of appeals found this very argument to be "without merit" (App., *infra*, 39a). In the court's view, the ordering of interim benefits was simply an exercise of the district court's "traditional equitable power" and "equitable discretion" (*id.* at 40a, 41a) that was not barred by sovereign immunity (*id.* at 41a-42a).

d. The court of appeals did modify the preliminary injunction on the merits to eliminate relief for class members who had received a final decision terminating their benefits before the Ninth Circuit's decisions in *Finnegan* and *Patti* became final, because such claimants obviously could not argue that the Secretary was required by the Constitution to apply the reasoning of *Finnegan* and *Patti* in their cases (App., *infra*, 16a-18a). However, the court otherwise affirmed the preliminary injunction "in all respects" (*id.* at 44a). SSA estimates that there are 15,485 individuals who fall within the modified scope of Paragraph 4(c) of the district court's preliminary injunction. Affidavit ¶ 6, *supra*, note 7.

4. The Secretary then filed an application in this Court for a stay of the judgment of the court of appeals pending the filing and disposition of a petition for a writ of certiorari. By order dated April 30, 1984, the Court

denied the Secretary's request insofar as it applied to class members whose benefits were terminated on or after December 6, 1982—60 days before this class action was filed on February 4, 1983—or who completed the administrative appeal process on or after December 6, 1982. However, the Court granted the application for a stay insofar as it applied to all other respondents. *Heckler* v. *Lopez*, No. A-707.

REASONS FOR GRANTING THE PETITION

The court of appeals' decision is flatly inconsistent with this Court's decisions concerning jurisdiction under the Social Security Act. *Heckler* v. *Ringer*, No. 82-1772 (May 14, 1984); *Califano* v. *Sanders*, 430 U.S. 99 (1977); *Weinberger* v. *Salfi*, 422 U.S. 749 (1975). The massive and peremptory judicial intrusion into the Secretary's administration of the Act countenanced by the court below also threatens to make chaos of the "orderly administrative mechanism" established by the Social Security Act and implementing regulations for the processing of the millions of claims for benefits filed annually with the Social Security Administration. *Califano* v. *Sanders*, 430 U.S. at 102.

The most egregious error of the court of appeals was its affirmance of the district court's preliminary injunction ordering the Secretary to reopen thousands of administrative decisions terminating disability benefits that had become final and binding upon the claimants before this class action was filed. That aspect of the decision below is directly contrary to this Court's holding in *Califano* v. *Sanders*. The Court already has twice granted stays of this portion of the district court's preliminary injunction: first by the order of Justice Rehnquist on September 9, 1983 that subsequently was supported by six other Members of the Court, and again on April 30, 1984, when the Court unanimously granted a stay of the judgment of the court of appeals to this ex-

tent. We now ask the Court to summarily reverse this portion of the court of appeals' judgment.[9]

1. a. The court of appeals' conclusion that the district court properly ordered the Secretary to reopen adverse administrative decisions that had become binding upon the claimants prior to the filing of this suit is flatly inconsistent with this Court's unanimous decision in *Califano* v. *Sanders*, 430 U.S. 99 (1977). In *Sanders*, the Social Security claimant had exhausted his administrative remedies and received an Appeals Council decision denying his application for disability benefits. After the 60-day period for seeking review of the Appeals Council decision had expired, the claimant sought to reopen that decision for the purpose of proving his eligibility for benefits. This Court held that 42 U.S.C. 405(g) did not authorize judicial review of the Secretary's denial of the request to reopen.

The Court noted that Section 405(g) "limits judicial review to a particular type of agency action, a 'final decision of the Secretary made after a hearing'" (430 U.S. at 108, quoting 42 U.S.C. 405(g)). The Court then explained that a petition to reopen a prior decision may be denied without a hearing as provided in 42 U.S.C. 405(b), and "[i]ndeed, the opportunity to reopen final decisions * * * [is] afforded by the Secretary's regulations and not by the Social Security Act" (430 U.S. at 108). The Court continued (*ibid.*):

> Moreover, an interpretation that would allow a claimant judicial review simply by filing—and being denied—a petition to reopen his claim would frustrate the congressional purpose, plainly evidenced in § 405(g), to impose a 60-day limitation upon judicial review of the Secretary's final decision on the

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[9] We believe that the court of appeals also clearly erred in affirming the district court's exercise of jurisdiction over the claims of other class members who had not exhausted their administrative remedies. See *Heckler* v. *Ringer, supra.* However, because of pending legislation and other factors, we have elected not to seek review on that issue at this time. See note 18, *infra.*

> initial claim for benefits. 20 C.F.R. § 404.951 (1976). Congress' determination so to limit judicial review to the original decision denying benefits is a policy choice obviously designed to forestall repetitive or belated litigation of stale eligibility claims. Our duty, of course, is to respect that choice.

As we explain below, the court of appeals' decision in this case plainly does not "respect that choice."

b. In this petition, we challenge the judgment of the court of appeals insofar as it affirms the district court's exercise of jurisdiction over the claims of individuals who had received an adverse administrative decision and for whom the 60-day period within which to seek review of that decision had expired before this class action was filed on February 4, 1983. This group logically falls into two subgroups:

(i) The first subgroup is comprised of persons who fully exhausted their administrative remedies through the Appeals Council stage prior to the filing of this class action and thereby obtained a "final decision" of the Secretary, but failed to seek *judicial* review of that final decision within the 60-day period prescribed by Congress in 42 U.S.C. 405(g). This Court has made clear that the membership of a class in a class action brought under 42 U.S.C. 405(g) must be limited to individuals who personally satisfy the requirements for obtaining judicial review under that Section. *Califano* v. *Yamasaki*, 442 U.S. 682, 701 (1979). Under *Califano* v. *Sanders*, the district court would not have had jurisdiction under 42 U.S.C. 405(g) to review the Secretary's final decision if an individual claimant had personally commenced an action for judicial review more than 60 days after that decision. It follows that the district court likewise did not have jurisdiction in this class action to grant relief to any individual if the commencement of the action on February 4, 1983 was more than 60 days after the Secretary's final decision denying his claim for benefits—*i.e.*, if the final decision was rendered before December 6, 1982. *Lopez II*, slip op. 3 (Stevens, J., concurring and dissenting).

(ii) The other subgroup at issue here is comprised of persons who, prior to the filing of this class action, had received an adverse administrative decision short of the Appeals Council stage but failed to seek further *administrative* review within 60 days. The failure of these individuals to seek further administrative review within that period is not addressed by 42 U.S.C. 405(g). However, 42 U.S.C. (Supp. V) 405(b) and 1383(c)(1) require a claimant to request an ALJ hearing within 60 days. In addition, the Secretary's regulations impose an identical 60-day time limit for seeking further administrative review at each step of the process and provide that the adverse decision will be binding upon the claimant unless he requests review within 60 days (or such further time as the Secretary allows in a particular case). See pages 4-6, *supra*. Those regulations must be sustained unless they exceed the Secretary's authority or are arbitrary and capricious. *Heckler* v. *Campbell*, No. 81-1983 (May 16, 1983), slip op. 7-8. They clearly do not suffer from either defect.

Regulatory provisions imposing time limits on each stage of the administrative process, and providing that an adverse decision at any level is binding on the claimant if he does not seek further review within the time allowed, have been in effect since 1940.[10] Such provisions also were in effect when Congress enacted the Title II disability program in 1954 and 1956[11] and the SSI program in 1972.[12] Congress's integration of the disability and SSI programs into this established administrative

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[10] 5 Fed. Reg. 4169, 4171-4174 (1940), adding 20 C.F.R. 403.706(c), 403.708(b), 403.708(g), 403.709(b), 403.709(*l*), 403.710(b), 403.710(e).

[11] Social Security Amendments of 1954, ch. 1206, § 106, 68 Stat. 1079; Social Security Amendments of 1956, ch. 836, § 103, 70 Stat. 815. See 20 C.F.R. 403.706(c), 403.708(b), 403.708(g), 403.709(b), 403.709(*l*), 403.710(b), 403.710(e) (1954 and 1956).

[12] Social Security Amendments of 1972, Pub. L. No. 92-603, Tit. III, 86 Stat. 1465 *et seq.* See 20 C.F.R. 404.908, 404.911, 404.916, 404.918, 404.940, 404.946, 404.951 (1972).

framework must be viewed as a ratification of these existing procedural provisions and an expression of congressional intent that they should apply with full force to the disability and SSI programs. See *Haig* v. *Agee*, 453 U.S. 280, 297-299 (1981); *Lorillard* v. *Pons*, 434 U.S. 575, 580-581 (1978). The district court's order requiring the reopening of binding administrative decisions frustrates the clearly established policy of repose embodied in the Secretary's regulations.

Moreover, the individuals in this second subgroup not only failed to seek further administrative review of an adverse decision within 60 days; they also failed to seek judicial review within that period. As noted above (see pages 13-14, *supra*), the court of appeals held that it was not necessary for class members to exhaust their administrative remedies in order to seek judicial review of the Secretary's failure to apply a medical improvement standard in her on-going review of their claims. For the reasons stated in the margin, we believe that this holding was clearly incorrect.[13] But assuming arguendo that

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[13] A denial of a claim for benefits at the initial determination, reconsideration, or ALJ hearing stage is "interlocutory" (*Mathews* v. *Diaz*, 426 U.S. 67, 73 (1976)); it is not a "final decision" in the sense that it is an administrative "judgment" that terminates the proceedings, conclusively rejects the claim for benefits, and disposes of all issues having a bearing on the matter. Compare *Cobbledick* v. *United States*, 309 U.S. 323, 324-326 (1940). Under the Secretary's regulations, only a decision by the Appeals Council terminates the administrative proceedings and represents the Secretary's final determination. See *Heckler* v. *Ringer*, slip op. 2-3 & n.2. The Court in *Salfi* held that a court may not dispense with the requirement that the claimant exhaust his administrative remedies through the Appeals Council stage based on its own assessment that exhaustion would be futile. 422 U.S. at 766. Exhaustion could not be regarded as futile here in any event because, as the court of appeals acknowledged (App., *infra*, 20a), class members might obtain payment on their claims for benefits in administrative proceedings even if a medical improvement standard is not applied, and the claim might be denied for reasons having nothing to do with that standard. *Heckler* v. *Ringer*, slip op. 14-16 & n.12. Even the dissenting Justices in *Ringer* agreed that exhaustion is required where,

the court of appeals properly dispensed with the exhaustion requirement, the class members necessarily would be subject to the 60-day limitation prescribed in 42 U.S.C. 405(g) if they attempted to obtain immediate judicial review. Because the class members in the second subgroup did not seek judicial review within 60 days, the district court plainly had no authority under *Califano* v. *Sanders* to review those decisions in this class action even if the court of appeals were correct in excusing full exhaustion of administrative remedies.

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as here, payment of the claim for benefits is not foreclosed at the administrative level. Slip op. 2, 12-13 (Stevens, J., dissenting).

The court of appeals erroneously focused not on the finality of the decision disposing of the claim for benefits, but on what it perceived to be the Secretary's position on one issue that might ultimately have a bearing on that decision—*i.e.*, whether the evidence should be reviewed under a medical improvement standard. But Section 405(g) does not provide for judicial review of the Secretary's position on "issues" as such; it provides for review only of final decisions on claims for benefits.

The court of appeals also thought that judicial review was available under 42 U.S.C. 405(g) because the issue regarding the application of the medical improvement standard required by *Patti* and *Finnegan* was "entirely collateral" to the substantive claim for benefits under *Mathews* v. *Eldridge*, 424 U.S. at 330-332. See App., *infra*, 22a-26a. But the evidentiary standards to be applied in reviewing a claim for benefits go to the very heart of the determination of the merits of the claim. Compare *Heckler* v. *Ringer*, slip op. 10-12, 14-15; *Lopez I*, slip op. 8-9 (Rehnquist, Circuit Justice). That issue is not rendered "collateral" merely because respondents contend that constitutional principles of separation of powers and due process require application of a particular evidentiary standard by virtue of the prior decisions in *Patti* and *Finnegan*. See *Heckler* v. *Ringer*, slip op. 14-15.

Nor have respondents made any showing of irreparable injury resulting from the Secretary's disposition of the assertedly "collateral" issue that is distinct from the injury that could result from any erroneous denial of benefits at a preliminary stage of the administrative process. See *Heckler* v. *Ringer*, slip op. 14-15; *Mathews* v. *Eldridge*, 424 U.S. at 331-332. Congress determined in establishing the administrative review mechanism that a retroactive award of benefits at a later date is an adequate statutory remedy for an erroneous denial of a claim for benefits at a preliminary stage of the review process. Cf. *Heckler* v. *Ringer*, slip op. 23-24.

c. The court of appeals' decision cannot be squared with *Califano* v. *Sanders* for another reason as well. In *Sanders*, the individual claimant actually had requested that SSA reopen the prior decision denying his claim for disability benefits (430 U.S. at 102-103). Here, by contrast, there is no indication that any of the thousands of class members who allowed the decision terminating his benefits to become binding before this suit was filed later requested the Secretary to reopen that decision. Even assuming that a district court would have jurisdiction to order the Secretary to reopen a prior decision, notwithstanding the contrary holding in *Califano* v. *Sanders*, at the very least the claimant would be required to file a request with the Secretary before asking a court to intervene. If the claimant did not do so, there would be no "decision" whatever by the Secretary on the reopening issue, much less a "final decision" that could be subject to judicial review under 42 U.S.C. 405(g). See *e.g.*, *Weinberger* v. *Salfi*, 422 U.S. at 764; *Califano* v. *Yamasaki*, 442 U.S. at 704.

The district court's exercise of jurisdiction over these closed administrative cases instead was undertaken at the request of the handful of named plaintiffs in this case. However, the 20 individuals named as plaintiffs clearly have no standing to request that the Secretary or a court reopen a decision pertaining to *other* claimants who have not initiated the reopening process. In fact, the Secretary's regulations expressly provide that reopening may be requested only by a person who was a party to the prior decision. 20 C.F.R. 404.987, 416.1487. Similarly, 42 U.S.C. 405(g) provides that judicial review of a final decision of the Secretary is available only to an individual who was a "party" to the administrative hearing on the claim. See also 42 U.S.C. (Supp. V) 405(g) and 1383(c). *A fortiori* the 14 organizations that also were named as plaintiffs in district court have no standing to seek the reopening of prior decisions affecting individual claimants. The court of appeals' decision in this case therefore signals a wholly unwarranted

expansion of the scope of administrative and judicial review under the Social Security Act.

2. Notwithstanding this Court's decision in *Califano* v. *Sanders* and the view of seven Members of the Court in this very case that the district court had no jurisdiction over the claims of class members at issue here, the court of appeals held that respondents were likely to prevail on their argument that the district court did have jurisdiction over those claims (App., *infra*, 36a). The court of appeals offered three novel theories to support its erroneous conclusion.

a. The court of appeals first suggested that the 60-day limitation in 42 U.S.C. 405(g) for seeking judicial review does not apply where the claimant raises a constitutional issue (App., *infra*, 31a-33a). As an initial matter, it is doubtful that respondents' challenge to the sufficiency of the Secretary's evidentiary showings in disability termination cases is constitutional in nature. See *Lopez I*, slip op. 8-9 (Rehnquist, Circuit Justice); *Lopez II*, slip op. 6 (Stevens, J., concurring and dissenting). As we explain more fully in our Application for a Stay Pending Certiorari (at 14-17), filed on March 5, 1984, respondents' argument at bottom is simply an assertion of nonmutual collateral estoppel, which is not a constitutionally based doctrine (and which the Court unanimously refused to apply against the government in *United States* v. *Mendoza*, No. 82-849 (Jan. 10, 1984)).

In any event, nothing in this Court's decisions supports the notion that the 60-day limit in 42 U.S.C. 405(g) is inapplicable in cases raising constitutional issues. To the contrary, in *Weinberger* v. *Salfi* the Court clearly indicated that the 60-day limit *did* apply to the constitutional question presented; the Court observed only that the Secretary had waived any objection on the ground by failing to raise it in district court. 422 U.S. at 763-764, citing Fed. R. Civ. P. 8(c). Moreover, the plain language of Section 405(g), which provides that an action for judicial review must be commenced within 60 days of "any" final decision of the Secretary, does not suggest an im-

plied exception for final decisions raising constitutional issues. Similarly, the second sentence of Section 405(h), which provides that "[n]o findings of fact or decision of the Secretary shall be reviewed by any * * * tribunal * * * except as herein provided"—*i.e.*, except as provided in Section 405(g)—would appear to require compliance in all instances with the time limitations prescribed in that Section.

The court of appeals also suggested that 60 days may not afford a constitutionally sufficient time within which to commence a civil action raising constitutional issues and that 42 U.S.C. 405(g) therefore should be construed to make the 60-day limit inapplicable in that setting in order to avoid a possible constitutional defect (App., *infra*, 32a-33a). This contention is without merit as well. The court of appeals cited no authority for the proposition that Congress may not insist upon enforcement of the generally applicable 60-day limitation in those cases in which the claimant may choose to raise a constitutional argument. Nor is there any reason to believe that the 60-day limit erects "an unduly burdensome procedural obstacle," as the court of appeals believed (App., *infra*, 33a). The claimant already has been involved in adjudicatory proceedings concerning his benefit claim; the 60-day period is simply a condition upon his continuing that adjudicatory process on judicial review. Furthermore, because judicial review under 42 U.S.C. 405(g) is based on the record already developed in the administrative proceedings, there is no need for the claimant to make a time-consuming factual investigation before filing his complaint in court.[14]

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[14] The court of appeals did not purport to find that the 60-day period was *actually* insufficient as applied to any of the individual named plaintiffs. And insofar as the unnamed class members are concerned, there is no indication that any were even contemplating seeking judicial review, much less that they intended to raise a constitutional argument.

Most importantly, however, if the 60-day period in fact proves to be insufficient in a particular case, Section 405 (g) and implementing regulations expressly allow the Secretary to extend that period. 20 C.F.R. 404.982, 416.1482. There is no indication that any of the class members requested such an extension. But the existence of that flexibility entirely undermines the court of appeals' contention that the 60-day limit in 42 U.S.C. 405 (g) raises constitutional difficulties as applied to cases raising constitutional issues.

The court of appeals asserted in addition that even if the 60-day period is adequate where constitutional issues are raised on judicial review following full exhaustion of administrative remedies, that period might be inadequate where such issues are raised in a case in which the court has excused full exhaustion (App., *infra*, 32a-33a). This argument is pure bootstrap: because the court of appeals chose to disregard the exhaustion of administrative remedies that is mandated by the Act, implementing regulations, and this Court's decisions (see note 13, *supra*), it also should disregard the statute of limitations. What is more, the court's analysis makes no sense: the view that the 60 days provided in 42 U.S.C. 405(g) is insufficient to marshal constitutional arguments is inconsistent with the court's holding that exhaustion should be excused because of the claimants' need to present the medical improvement and nonacquiescence issues to a court without delay.[15]

b. The court of appeals next suggested that the 60-day limitations period could be "waived" by a court even over the Secretary's objection because, in the court's

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[15] If the hypothetical claimants about whom the court of appeals speculated did not have time to prepare their constitutional arguments for presentation to the court, they could have continued to pursue their administrative remedies for the time being or requested an extension of time to file an action in court. In fact, of course, the claimants involved here did neither. The most reasonable inference is that they were prepared, for whatever reason, to allow the preliminary decisions terminating their benefits to become final and binding.

view, the Secretary has acted in bad faith in declining to follow *Patti* and *Finnegan*, and the interest in administrative efficiency therefore "should give way to the claimants' interest in adequately preparing their cases" for judicial review (App., *infra*, 33a-34a). This argument is seriously flawed in a number of respects. First, the court of appeals' assertion of bad faith on the part of the Secretary—unsupported by any evidence or findings to that effect—is wholly unwarranted and, in our view, fails to accord the respect due a coordinate Branch. The Secretary's response to *Patti* and *Finnegan* in light of the intervening regulations not addressed by those decisions (see pages 8-10, *supra*) in fact was entirely reasonable. Cf. *United States* v. *Morton*, No. 83-916 (June 19, 1984), slip op. 13-14 & n.21. Moreover, even if this Court ultimately were to sustain the court of appeals' view that the Secretary is required to follow the decisions of courts of appeals when reviewing claims filed by other persons, this Court's decisions in *United States* v. *Mendoza* and *United States* v. *Estate of Donnelly*, 397 U.S. 286, 294-295 (1970), at the very least furnish a substantial basis on which the Secretary today can in good faith take a contrary view. By the same token, there is not the slightest indication that any of the thousands of individuals whose cases the district court ordered reopened were actually "preparing their cases" for litigation during the period prior to the filing of this class action, as the court of appeals speculated (App., *infra*, 34a). For all that appears, these individuals simply abandoned their claims altogether after receiving an adverse administrative decision.

Putting these considerations to one side, however, a court may not disregard the 60-day limitation Congress has prescribed in 42 U.S.C. 405(g) based on its own view of the relative equities of the Secretary's litigating position. See *Utah Power & Light Co.* v. *United States*, 243 U.S. 389, 407 (1917). "[T]he United States, as sovereign, 'is immune from suit save as it consents to be

sued . . . and the terms of its consent to be sued in any court define that court's jurisdiction to entertain the suit.'" *Lehman* v. *Nakshian*, 453 U.S. 156, 160 (1981), quoting *United States* v. *Testan*, 424 U.S. 382, 399 (1976), and *United States* v. *Sherwood*, 312 U.S. 584, 586 (1941). The requirement that an action for judicial review be commenced within 60 days is an explicit condition upon which Congress consented to suits under the Social Security Act (*Hunt* v. *Schweiker*, 685 F.2d 121 (4th Cir. 1983); see *United States* v. *Kubrick*, 444 U.S. 111, 117-118 (1979)), and a court therefore has no authority to proceed where that condition has not been met.

c. Finally, the court of appeals asserted that even if the 60-day limitations period applied, it might be "deemed tolled retroactively" for all unnamed class members from the date on which any class representative first filed an administrative appeal. This is perhaps the most extraordinary of the court's many imaginative grounds for nullifying the 60-day limit Congress has prescribed, because it would result in a wholesale abandonment of the limitations period whenever a common question of law is present in a number of claims—a frequent occurrence in the administration of the Social Security Act. Section 405(g) furnishes no basis for judicial fashioning of such a tolling rule. To the contrary, its express provision for the Secretary to extend the filing period in appropriate circumstances strongly indicates that a court cannot fashion additional tolling principles that Congress has not authorized. *Soriano* v. *United States*, 352 U.S. 270, 275-276 (1957). "Congress was entitled to assume that the limitations period it prescribed meant just that and no more." *Id.* at 276.[16]

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[16] The court of appeals' reliance on class action principles in Title VII cases (App., *infra*, 34a-36a) is wholly misplaced. Under Title VII, it is not necessary for each class member to file a charge

3. The court of appeals also held that even if the district court was barred from exercising jurisdiction under 42 U.S.C. 405(g) to order the reopening of time-barred claims, the court could accomplish precisely the same result simply by resorting to mandamus jurisdiction under 28 U.S.C. 1361. This holding, if accepted, would effectively nullify the limitations Congress deliberately prescribed in the special statutory review procedure it established. As we argued in *Heckler* v. *Ringer* (Pet. Br. 32-36; Pet. Reply Br. 16-20), Congress recognized as much in 1939, when it enacted 42 U.S.C. 405 and precluded such circumvention.

The second sentence of Section 205(h) of the Social Security Act, codified at 42 U.S.C. 405(h), provides that no decision of the Secretary shall be subject to review by any "tribunal * * * except as herein provided"—*i.e.*, except pursuant to 42 U.S.C. 405(g)—and the legislative history shows that Congress meant exactly what it said. S. Rep. 734, 76th Cong., 1st Sess. 52 (1939); H.R. Rep. 728, 76th Cong., 1st Sess. 43-44 (1939). This language bars review by a judicial tribunal in a mandamus action under 28 U.S.C. 1361 or by any other means except pursuant to 42 U.S.C. 405(g).

In addition, the third sentence of Section 205(h) of the Act, as enacted and still in effect, provides that "[n]o action" to recover on any claim arising under the Act shall be brought "under section 41 of title 28" of the United States Code.[17] This sentence also clearly precludes

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with the EEOC. *Albemarle Paper Co.* v. *Moody*, 422 U.S. 405, 414 n.8 (1975). Under the Social Security Act, on the other hand, each individual member of a class must file a claim for benefits. *Weinberger* v. *Salfi*, 422 U.S. at 764. When he does so, the time limitation and other requirements of the Act and implementing regulations apply to the ensuing administrative and judicial review of that individual claim and leave no room for the tolling notions the court of appeals advanced.

[17] In the 1976 edition of Title 42 of the United States Code, the phrase "under sections 1331 or 1346 of title 28" was substituted for "under section 41 of title 28." See 42 U.S.C. 405 note, at 518. The

the exercise of mandamus jurisdiction. As this Court observed in *Salfi*, "[a]t the time § 405(h) was enacted, and prior to the 1948 recodification of Title 28, § 41 contained all of that title's grants of jurisdiction to United States district court, save for several special-purpose jurisdictional grants * * *" (422 U.S. at 756 n.3). In the 1948 recodification, these general grants of jurisdiction were carried forward en bloc in what is now Chapter 85 of Title 28, which, like its predecessor, is entitled: "District Courts; Jurisdiction." When Congress enacted the general grant of mandamus jurisdiction in 1962, it specified that the new mandamus provision was to be included in "chapter 85 of title 28 of the United States Code" (Act of Oct. 5, 1962, Pub. L. No. 87-748, 76 Stat. 744). By this enactment, Congress deliberately placed 28 U.S.C. 1361 within the chapter that is the present-day codification of the prior Section 41 of Title 28. Congress thereby squarely placed mandamus actions under 28 U.S.C. 1361 among the suits that are barred by the "sweeping" preclusion of review in the third sentence of 42 U.S.C. 405(h). *Salfi*, 422 U.S. at 757.

In any event, even if the exercise of mandamus jurisdiction is not completely barred by 42 U.S.C. 405(h), mandamus relief nevertheless is available under 28 U.S.C. 1361 only if the plaintiff has no other adequate remedy and "only if the defendant owes him a clear nondiscretionary duty." *Heckler* v. *Ringer*, slip op. 13. The respondents whose claims are at issue here satisfy neither of these tests. They had a fully adequate remedy under 42 U.S.C. 405(g) but failed to pursue it within the time allowed. Moreover, the Secretary does not owe these respondents a clear nondiscretionary duty to reopen the prior decisions denying their claims for benefits. The Social Security Act itself does not even furnish a right

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codifiers' "choice, 'made * * * without the approval of Congress * * * should be given no weight.'" *North Dakota* v. *United States*, No. 81-773 (Mar. 7, 1983), slip op. 10 n.13, quoting *United States* v. *Welden*, 377 U.S. 95, 99 n.4 (1964).

to request reopening (*Califano* v. *Sanders*, 430 U.S. at 108), and the Secretary's decision whether to reopen is discretionary under her regulations. *Heckler* v. *Ringer*, slip op. 13.

CONCLUSION

The petition for a writ of certiorari should be granted. The judgment of the court of appeals should be reversed insofar as it affirms the application of Paragraph 4(c) of the district court's preliminary injunction to class members who received an adverse administrative decision prior to December 6, 1982, and did not seek further administrative or judicial review of that decision within 60 days.[18] The Court may wish to consider summary reversal.

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[18] Although we believe that the court of appeals erred in dispensing with the exhaustion requirement for other class members whose individual claims for benefits had not been denied in a binding fashion before this suit was filed (see note 13, *supra*), we have not sought review on that issue at this time. Both Houses of Congress have passed a bill that would institute a variant of a medical improvement standard in future disability cases and would also apply that new standard to cases pending on administrative review. See Section 101 of H.R. 3755, *supra*, as passed by the House of Representatives, and Section 2 of H.R. 3755, *supra*, as passed by the Senate, *supra*, note 5. The exhaustion issue therefore should not be of continuing importance in the medical improvement context. Moreover, in light of the Court's recent decision in *Heckler* v. *Ringer* reiterating the exhaustion principles enunciated in *Weinberger* v. *Salfi*, we are reluctant to ask the Court to address these issues once again before the lower courts have had an opportunity to apply the holding in *Ringer*. We note in this regard that the district court's order—despite its mandatory and sweeping character—is a preliminary injunction (App., *infra*, 2a, 48a, 78a, 83a n.10). The Secretary therefore remains free to request the district court to reconsider the exhaustion and jurisdictional issues in light of this Court's decision in *Ringer* should it be necessary to do so.

Respectfully submitted.

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CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1984

MARGARET M. HECKLER, SECRETARY OF HEALTH AND HUMAN SERVICES, PETITIONER

v.

MARIO LOPEZ, ET AL.

APPENDIX TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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APPENDIX TABLE OF CONTENTS

	Page
APPENDIX A (Court of Appeals Opinion)	1a
APPENDIX B (Court of Appeals Order)	46a
APPENDIX C (Court of Appeals Opinion and Order)	47a
APPENDIX D (Court of Appeals Order)	67a
APPENDIX E (District Court Memorandum of Decision)	73a
APPENDIX F (District Court Order)	84a
APPENDIX G (District Court Memorandum of Decision)	94a
APPENDIX H (District Court Amendments to Memorandum of Decision and Order)	98a
APPENDIX I (Statutes and Regulations)	101a

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 83-6126

D.C. No. 83-0697-WPG(T)

MARIO LOPEZ, ET AL., PLAINTIFFS-APPELLEES

vs.

MARGARET M. HECKLER, Secretary of Health and Human Services, ET AL., DEFENDANTS-APPELLANTS

Appeal from the United States District Court
for the Central District of California
William P. Gray, District Judge, Presiding

Argued and Submitted December 13, 1983

[Filed Feb. 22, 1984]

OPINION

Before PREGERSON, BOOCHEVER, and REINHARDT, Circuit Judges

REINHARDT, Circuit Judge:

The Secretary of Health and Human Services ("Secretary") appeals a preliminary injunction or-

dering her to restore disability benefits to a large number of former recipients of Social Security benefits. Plaintiffs are a class consisting of disabled workers and poor and disabled persons who had earlier been found eligible for Social Security Disability Insurance (SSDI) benefits and Supplemental Income (SSI) benefits respectively. *See* 42 U.S.C. §§ 401-31 (1976 & Supp. V 1981) (SSDI); 42 U.S.C. §§ 1381-83 (1976 & Supp. V 1981) (SSI). Plaintiffs challenged the Secretary's termination of their benefits on the ground that the Secretary unconstitutionally refused to give effect to two decisions of this court describing the procedures the statute requires the Secretary to follow in terminating benefits. The district court found that plaintiffs were likely to succeed on the merits of their claims. It also found that many of the plaintiffs, deprived of the very means with which to live, have either died or suffered further illness as a result of the challenged conduct. Accordingly, the court issued a preliminary injunction which, among other things, enjoined the Secretary to reinstate the benefits of many of the plaintiffs pending litigation of this case.

The Secretary challenges the injunction on two main grounds. First, she argues that the district court lacked jurisdiction over many of the individuals to whom it gave preliminary relief. She claims that jurisdiction was lacking over those individuals who had not exhausted their administrative remedies before commencing this action and over those individuals who had failed to commence this action within sixty days of receiving a final decision from the Secretary. Second, she argues that the district court was barred by sovereign immunity from awarding interim benefits.

FACTS

The preliminary injunction under review here was granted to a class of former disability benefits recipients who are challenging the constitutionality of the procedures used by the Secretary to terminate their benefits. Plaintiffs made two constitutional arguments in the district court—one based on the doctrine of separation of powers, the other based on the due process clause of the fifth amendment.

The separation of powers argument is a challenge to the Secretary's policy of "nonacquiescing" in two decisions of this court. In *Patti v. Schweiker*, 669 F.2d 582 (9th Cir. 1982), and *Finnegan v. Matthews*, 641 F.2d 1340 (9th Cir. 1981), we held that, under the applicable statutes, the Secretary was required, before terminating a recipient's Social Security benefits, to come forward with evidence that a recipient's medical condition has improved.[1] Although the Secretary disagreed with the holdings in *Patti* and *Finnegan*, she did not seek Supreme Court review of either case. Instead, she announced in published Social Security rulings that she "does not acquiesce" in and would not follow the holdings in either case. *See* Social Security Rulings 82-10c and 82-49c. Accordingly, she ordered that Social Security Disability benefits be terminated for lack of disability regard-

---

[1] *Finnegan* decided the question with regard to "grandfatherees," i.e., individuals who had been transferred to the federal rolls from a state public assistance plan when the Supplemental Security Income (SSI) program was established. *Patti* was an action brought by an SSI claimant who was not a grandfatheree. Although the district court did not subdivide the class it certified, we shall refer to class members who were grandfatherees as "*Finnegan*-type claimants," and the other class members as "*Patti*-type claimants."

less of whether the recipient's medical condition has improved since the initial disability determination. *Id. See also* Social Security Ruling B1-6.

Plaintiffs argue that the Secretary's policy of "nonacquiescing" in this court's decisions violates the constitutional doctrine of separation of powers. They note that "it is, emphatically, the province and duty of the judicial department to say what the law is." *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803). They argue that, by "nonacquiescing," the Secretary is usurping the lawful authority of the judiciary and placing herself above the law. That, they claim, is a plain violation of the Constitution. *See also* U.S. Const. art. II, § 3 (The President "shall take Care that the Laws be faithfully executed.").

Plaintiffs' second constitutional contention is based on the due process clause of the fifth amendment. The thrust of that argument is as follows: The due process clause entitles applicants and recipients of public benefits to have their claims fairly adjudicated by the agency. *Mathews v. Eldridge*, 424 U.S. 319 (1976); *Goldberg v. Kelly*, 397 U.S. 254 (1970). The Secretary's policy of nonacquiescence, by foreordaining the outcome of the hearings claimants will receive, denies plaintiffs a meaningful opportunity to be heard. The availability of judicial review does not cure this flaw.

The Secretary opposed the preliminary injunction on the ground that, except with regard to the parties to a particular action, she is not bound to give effect to court decisions. She also argued that plaintiffs in any event would not suffer irreparable injury as a result of the assertedly illegal action. Finally, she argues that the court lacked jurisdiction over many

of the class members and that the court lacked statutory authority to award the type of relief prayed for.

The district court rejected the Secretary's arguments. It certified a class consisting of

> all persons who live within this circuit, who (a) receive or received Supplemental Security Income disability benefits or Social Security disability insurance benefits and have been or will be considered for termination after August 30, 1981, or (b) receive or received Supplemental Security Income disability benefits under the "grandfather clause" of the Social Security Act, 42 U.S.C. § 1382c(a)(3)(E), and have been or will be considered for termination after August 25, 1980, such consideration being or having been for the asserted reason that the claimant's disability had ceased.

The district court found that plaintiffs were likely to succeed on the merits. It believed the Secretary was violating the fundamental precept, first enunciated in *Marbury v. Madison*, that government agencies are required to follow and apply the law as interpreted by the courts—the "cornerstone of the doctrine of Separation of Powers that has served our country so well." It also found that the balance of hardships as between the litigants tips sharply in favor of the plaintiffs, who have "already suffered deprivation of life's necessities, further illness, or even death from the very disabilities that the Secretary deemed them not to have," and for whom "[r]etroactive relief would be inadequate, and perhaps too late, to ensure that the purpose of the Social Security disability benefits, i.e., provision of a minimum standard of living for the poor and disabled, will be served." The court found that plaintiffs thus

satisfied both of this circuit's alternative tests for granting a preliminary injunction.[2] It accordingly issued a preliminary injunction restraining the Secretary from "failing to follow, implement or accord precedential effect to" *Finnegan* and *Patti*, and from implementing the nonacquiescence policy. In addition, paragraph 4(c) of the preliminary injunction required the Secretary to notify the class members that they may apply for reinstatement of benefits and provided that those recipients who assert their belief that they remain disabled would be entitled to reinstatement of their benefits until the Secretary terminates the benefits in compliance with *Patti* and *Finnegan*.[3]

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[2] We have held that, to obtain a preliminary injunction, a moving party must show "*either* a combination of probable success on the merits and the possibility of irreparable injury, or that serious questions are raised and the balance of hardships tips sharply in the moving party's favor." *Beltran v. Meyers*, 677 F.2d 1317, 1320 (9th Cir. 1982) (emphasis in original).

[3] Paragraph 4(c) of the Preliminary Injunction reads as follows:

> (c) In order to accomplish appropriate restoration of disability benefits pending resolution of this action, the court orders the defendants to implement the following procedure:
>
> > (i) Within sixty (60) days following the date of this order, the defendants will notify (a) each class member who had been receiving Supplemental Security Income Disability benefits under 42 U.S.C. § 1382c(a)(3)(E), and who was terminated from such benefits after August 25, 1980, and (b) all other persons who have been terminated from either Title II social security disability insurance or Title XVI Supplemental Security Income Disability after

The Secretary sought a stay of part of the preliminary injunction pending appeal of that injunction to this court. She did not seek to stay the injunction's requirement that she give effect to the *Patti* and *Finnegan* decisions with regard to all future terminations. She only sought to stay paragraph 4(c).

The Secretary's request for a stay was denied by both the district court and this court, *see Lopez v. Heckler*, 713 F.2d 1432 (9th Cir. 1983), but then granted by Justice Rehnquist, *Heckler v. Lopez*, 104

August 30, 1981, for the purported reason that his or her disability had ceased, whether or not such person has appealed, that:

> Such person may apply for reinstatement of benefits if he or she believes that his or her medical condition has not improved following the granting of disability benefits.

(ii) Upon receiving such application, the defendants will forthwith reinstate and pay benefits in the monthly amounts such person would have been receiving had his or her benefits not been interrupted.

(iii) Following such reinstatement, if the defendants or their agents or employees conduct a disability investigation or other screening of such person, they will apply the standards set forth in *Patti v. Schweiker* and *Finnegan v. Matthews* and, if they conclude that such person's medical condition has improved and he or she is no longer disabled, they will identify the evidence relied upon to reach that conclusion.

(iv) Following such review, persons who are notified of an initial determination that their benefits shall cease shall be given an opportunity to contest the determination and pending such review, they shall continue to receive aid as provided in current laws and regulations.

S. Ct. 10 (1983) (Rehnquist, J., in chambers). Justice Rehnquist recognized that stay applications to Circuit Justices on matters before courts of appeals should rarely be granted, but felt that this case was sufficiently unusual to warrant the requested relief. 104 S. Ct. at 12. Justice Rehnquist had serious doubt whether paragraph 4(c)'s requirement that the Secretary pay benefits to class members merely upon their statement that they believe their medical condition has not changed since the Secretary's earlier determination was "consistent with 42 U.S.C. § 405 (i) or with this Court's admonition in *Schweiker v. Hansen*, 450 U.S. 785 (1981), that the courts have a duty 'to observe the conditions defined by Congress for charging the public treasury,' *id.*, at 788 (quoting *Federal Crop Insurance Co. v. Merrill*, 332 U.S. 380, 385 (1947))." 104 S. Ct. at 14. That problem, Justice Rehnquist thought, was exacerbated by the fact that the injunction gave relief to persons who, Justice Rehnquist believed, had not exhausted their administrative remedies or even presented their claims to the Secretary as required by section 405(g) of the Social Security Act, 42 U.S.C. § 405(g) (Supp. V 1981). Those factors, he felt, justified staying the preliminary injunction even in the face of the irreparable injury he assumed plaintiffs would suffer without the injunction.

Plaintiffs then requested the Supreme Court to vacate the stay entered by Justice Rehnquist. A divided Court denied plaintiffs' application. *Heckler v. Lopez*, 104 S. Ct. 221 (1983). Justice Brennan filed a dissenting opinion in which Justice Marshall joined. Largely for the reasons stated in our opinion denying the stay, Justices Brennan and Marshall believed that the Secretary was not likely to succeed on the

merits of her claims, and that the "overwhelming evidence of irreparable harm . . . should be the determinative factor . . . ." 104 S. Ct. 225, 227. They would therefore have vacated the stay.

Justice Stevens filed an opinion, in which Justice Blackmun joined, concurring in part and dissenting in part. Justices Stevens and Blackmun would have vacated the stay except insofar as it covered persons who had received final decisions from the Secretary more than sixty days before the commencement of this action and who had not timely sought judicial review. Those persons' right to seek review of their termination decisions, Justices Stevens and Blackmun believed, had expired by the time this action was brought. Justices Stevens and Blackmun disagreed with Justice Rehnquist, however, regarding the plaintiffs' compliance with the Act's presentation and exhaustion requirements. With regard to persons whose claims had not expired, Justices Stevens and Blackmun believed the stay was improperly granted. While recognizing that a Circuit Justice's grant of a stay is entitled to substantial deference and "should not be disturbed simply because the other members of the Court would have declined to grant the stay as an original matter," 104 S. Ct. at 222, they believed that this was a case in which reexamination of the stay was proper. Accordingly, they would have vacated the stay in part.

Save for the requirement that she notify class members of their rights, the Secretary on this appeal challenges the same provisions of the preliminary injunction she challenged in her application for a stay.[4]

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[4] Because she has already complied with the notification requirement of paragraph 4(c)(i), any challenge to that provision would be moot.

She argues that (a) the court lacked jurisdiction over the persons to whom it gave preliminary relief who had either failed to exhaust their administrative remedies or failed to initiate judicial review within the requisite time period, and, (b) because the court lacked statutory authority to award benefits, the relief given was barred by the United States' sovereign immunity. She also argues that there would appear to be no basis whatsoever for awarding relief to persons whose benefits were terminated before *Patti* and *Finnegan* became final.

BACKGROUND

This appeal does not raise issues of judicial interference in administrative agencies' discretion to formulate their own procedures, *see Vermont Yankee Nuclear Power Corp. v. NRDC*, 435 U.S. 519, 524 (1978), or of courts "dictating to the agency the methods, procedures, and time dimension" of inquiries within its jurisdiction. *See FPC v. Transcontinental Gas Pipe Line Corp.*, 423 U.S. 326, 333 (1976). While those considerations might conceivably be relevant in determining whether a court should require the Secretary to come forth with evidence of medical improvement before terminating benefits, that is not the question before us now. For the purposes of this appeal, the Secretary does not challenge the correctness of our holdings in *Patti* and *Finnegan*. Nor, indeed, is that question open in the district court. We have already held that the Social Security Act forbids the Secretary from terminating benefits of persons she has determined to be disabled until she comes forth with evidence of medical improvement. That is the law in this circuit.

Far from raising questions of judicial interference in executive actions, this case presents the reverse constitutional problem: the executive branch defying the courts and undermining what are perhaps the fundamental precepts of our constitutional system—the separation of powers and respect for the law. *See Marbury v. Madison*, 5 U.S. (1 Cranch) 137 (1803); *Cooper v. Aaron*, 358 U.S. 1 (1958).[5]

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[5] In *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803), the Supreme Court stated that "it is emphatically the province and duty of the judicial department to say what the law is." In *Cooper v. Aaron*, 358 U.S. 1, 18 (1958), the Court stated that

> [*Marbury v. Madison*] declared the basic principle that the federal judiciary is supreme in the exposition of the law of the Constitution, and that principle has ever since been respected by this Court and by the Country as a permanent and indispensable feature of our constitutional system.

In *Cooper*, the Court said that it followed from that "basic principle" that the federal judicial interpretation of the Constitution is the "supreme Law of the Land" referred to in the supremacy clause, U.S. Const. art. VI, § 2. The Court reasoned further that state officers, committed by oath to support the Constitution, are bound by such interpretations of the instrument. What the Court said with regard to the Constitution applies with full force with regard to federal statutory law, which is also the "supreme Law of the Land," U.S. Const. art. VI, § 2 ("This Constitution, and the Laws of the United States which shall be made in Pursuance thereof . . . shall be the supreme Law of the Land."), and applies just as strongly to federal executive officers, who, as the President's representatives, are required by the Constitution itself to "faithfully execute" the law. U.S. Const. art. II, § 3. Indeed, in *Marbury v. Madison*, Chief Justice Marshall derived the principle of judicial review from the duty of courts to interpret and apply ordinary law.

The Supreme Court's recent holding in *United States v. Mendoza*, —— U.S. —— (1984), is not to the contrary. In

Of equal significance, the district court has found that some class plaintiffs have already died or suffered further illness as a result of the Secretary's actions. We agree with that finding. It follows that, in the absence of an injunction, other old or infirm people will die or be subjected to additional serious pain and suffering. It is in that light that we must now determine whether we should overturn the district court's preliminary injunction, an order that governs the rights of the parties only until such time as the case is decided on its merits.

Mendoza, the Court held that the doctrine of nonmutual collateral estoppel does not apply against the United States. Accordingly, the government's failure to appeal an adverse district court decision on a constitutional question was held not to prevent it from relitigating the same question in a case against a different party. A contrary holding, the Court explained, would impose on the government, which litigates by far more frequently than any private party, the onerous burden of appealing every holding with which it does not agree and would substantially thwart the development of important questions of law by freezing the first final decision on a particular issue.

Plaintiffs here, however, do not seek to invoke collateral estoppel. Nor do they contend that there is no judicial forum in which the Secretary can obtain a ruling that she may handle benefit claims in a manner she believes proper. Rather, they argue only that the executive must give general effect within a circuit to a final decision of the Court of Appeals for that Circuit interpreting a federal law. Such a rule does not limit the government's ability to delay testing legal issues in the Supreme Court until conflicts have arisen among the circuits. Nor does it otherwise limit the discretion and flexibility the government needs in its handling of litigation. It requires only that the executive branch recognize the authority of appellate courts to interpret the law and that it refrain from acting in an arbitrary and lawless manner.

STANDARD OF REVIEW

In reviewing the grant or denial of a preliminary injunction, we apply an abuse of discretion standard. *See Wilson v. Watt*, 703 F.2d 395, 398 (9th Cir. 1983). We reverse only if we conclude that the district court's decision was based on an error of law or on clearly erroneous findings of fact. *See id.; Beltran v. Myers*, 677 F.2d 1317, 1319 (9th Cir. 1982); *Aleknagik Natives Ltd. v. Andrus*, 648 F.2d 496, 501 (9th Cir. 1980). Application of an incorrect legal standard for preliminary relief and misapprehension of the law with regard to the underlying issues in the case are grounds for reversal. *See Sports Form, Inc. v. United Press International, Inc.*, 686 F.2d 750, 752 (9th Cir. 1982); *Wright v. Rushen*, 642 F.2d 1129, 1132 (9th Cir. 1981).

Before granting a preliminary injunction, a district court must find that the moving party has demonstrated "*either* a combination of probable success on the merits and a possibility of irreparable injury, or that serious questions are raised and the balance of hardships tips sharply in the moving party's favor." *Beltran v. Meyers*, 677 F.2d 1317, 1320 (9th Cir. 1982) (emphasis in original). The tests are "not separate," but represent the "outer reaches of 'a single continuum.'" *Los Angeles Memorial Coliseum Commission v. National Football League*, 634 F.2d 1197, 1201 (9th Cir. 1980) (quoting *Benda v. Grand Lodge of International Association of Machinists and Aerospace Workers*, 584 F.2d 308, 315 (9th Cir. 1978), *cert. dismissed*, 441 U.S. 937 (1979)). At no point in the continuum is the court "bound to decide doubtful or difficult questions of law." *Dymo Industries, Inc. v. Tapeprinter, Inc.*, 326 F.2d 141, 153 (9th Cir. 1965). "[T]he relative

hardships to the parties" is the "critical element" in deciding when a stay is justified. *Benda*, 584 F.2d at 314-15. Finally, the public interest is a factor to be strongly considered in cases such as this one. *See Warm Springs Dam Task Force v. Gribble*, 565 F.2d 549, 551 (9th Cir. 1977).

For purposes of this appeal, the Secretary does not dispute the district court's finding that the balance of hardships tips sharply in plaintiffs' favor. Nor does she deny that the public interest favors granting the injunction. The Secretary's arguments relate only to some aspects of the merits of the case to be litigated. Our task, therefore, is to review the district court's finding that the plaintiffs are likely to succeed on the merits. To the extent we are convinced that the district court misapprehended the law in arriving at that conclusion, we must vacate the injunction as an abuse of discetion. However, to the extent we believe plaintiffs raise serious questions of law or are likely to prevail on those questions, we must, in light of the undisputed findings concerning hardship and the public interest, affirm the injunction. *See Wilson v. Watt*, 703 F.2d at 399. A court of appeals, like a district court, is not required to resolve doubtful or difficult questions of law at this preliminary stage. *See Dymo Industries, Inc. v. Tapeprinter, Inc.*, 326 F.2d 141, 143 (9th Cir. 1964) ("[O]n application for preliminary injunction the [district] court is not bound to decide doubtful and difficult questions of law.").

The Secretary argues that *de novo* review of the district court's decision is required because she is challenging the district court's jurisdiction to award the relief it awarded here. The Secretary's observation is no more than a specific application of the gen-

eral rule stated above that all legal issue are reviewable *de novo*. We agree that no deference should be given to the district court's findings with regard to legal, including jurisdictional, issues in this case and that we should therefore review *de novo* the district court's finding that plaintiffs are likely to succeed on the merits of those issues. With regard to any underlying factual findings, however, we see no reason to depart from the usual deferential standard of review.

Although the Secretary did not say so, she may have been attempting to argue that we are required to decide *finally* all jurisdictional issues, instead of merely reviewing the district judge's determination that plaintiffs raised serious legal questions and were likely to succeed on the merits. The cases she cites, however, hold only that a grant of a preliminary injunction is an abuse of discretion when "want of jurisdiction is evident upon the face of the bill," *United States v. Corrick*, 298 U.S. 435, 438 (1936), and that a preliminary injunction should be overturned on appeal when there is "an insuperable objection to the maintenance of the suit in point of jurisdiction and where it clearly appears that the decree was the result of an improvident exercise of judicial discretion," *Myers v. Bethlehem Steel Corp.*, 303 U.S. 41, 52 (1938). Those cases are consistent with our holding that "doubtful or difficult questions of law" need not be finally resolved at this preliminary stage. *See Dymo Industries*, 326 F.2d 141, 143 (9th Cir. 1964). We see no reason to treat complex jurisdictional issues any differently from other complex legal issues. Nor do we think that an injunction that the court has jurisdiction to issue but which covers too many individuals presents the same

type of threshold jurisdictional problem as an injunction that the court has no jurisdiction to issue at all. In any event, the argument that the Secretary may have been attempting to make would be applicable at most to three issues in this case—those involving the presentation requirement, mandamus jurisdiction, and sovereign immunity. Those are the only issues that are even arguably denominable as "jurisdictional." As is made clear below, even if the argument that we are required to decide those issues is correct, it would not affect the outcome of this appeal.

DISCUSSION [6]

I. *CLASS MEMBERS WHOSE BENEFITS WERE TERMINATED BEFORE* PATTI *AND* FINNEGAN *BECAME FINAL.*

The preliminary injunction issued by the district court grants relief to *Finnegan*-type claimants whose benefits "have or will be terminated after August 25, 1980," and to *Patti*-type claimants whose bene-

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[6] Before discussing the issues raised in this appeal, a preliminary point should be mentioned: although Justice Rehnquist considered many of the same issues upon granting the Secretary's stay request, we do not give controlling weight to the decision of a majority of the Court not to vacate the stay he granted. As Justice Stevens noted in his opinion concurring in part and dissenting in part, "in considering an application of this kind, substantial deference must be paid to the judgment of the Circuit Justice . . . . The Circuit Justice's decision should not be disturbed simply because the other members of the Court would have declined to grant the stay as an original matter." 104 S. Ct. 221, 222 (1983) (citation omitted). Thus, we cannot assume from the Court's action that all the Justices in the majority agreed with Justice Rehnquist's application of the relevant law.

fits "have or will be terminated after August 30, 1981." The district court arrived at those dates by adding 60 days to the dates the respective decisions became final and then subtracting a year. The 60 days represented the amount of time the district court believed was available for the Secretary to seek Supreme Court review of the decisions.[7] The year was subtracted because the Secretary has authority to reopen an administrative decision for any reason within one year. *See* 20 C.F.R. 404.988, 418.1466 (1983).

The Secretary argues that there is no basis for granting any relief to claimants who had received final decisions on their terminations before *Patti* and *Finnegan* became final. We believe that the Secretary is clearly correct on this point.

Although the regulations specifically authorize the Secretary to reopen decisions within one year for any reason, the Supreme Court has squarely held that the Secretary's decision not to reopen a case is, unless challenged on constitutional grounds, entirely a matter of the Secretary's discretion not reviewable by the courts. *Califano v. Sanders*, 430 U.S. 99 (1977). This is not a case in which the refusal to reopen raises constitutional problems. Indeed, claimants who had received final decisions before the case

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[7] Under 28 U.S.C. § 2101(c) (1976), the government actually has ninety days in which to file a certiorari petition. When this was pointed out to the district court, the court refused to modify the injunction and instead reaffirmed the sixty-day period as a compromise between the ninety days urged by the government and the 30-day period urged by the plaintiffs as the time allowed to seek a stay of the mandate of a court of appeals. *See* Fed. R. App. P. 41(b). The court's decision in this regard was plainly within the scope of its discretion.

they rely on was decided cannot even raise the constitutional challenge to the underlying termination raised by the other claimants here. Thus, regardless of how wrongful the district court may have believed a refusal to reopen would have been under the circumstances presented by this case, the court lacked the authority to grant any relief to claimants who had received final decisions on their terminations before the case they rely on was decided. We therefore vacate the preliminary injunction to the extent it granted relief to *Finnegan*-type claimants whose benefits were terminated before August 25, 1981, and to *Patti*-type claimants whose benefits were terminated before August 30, 1982, unless they then either were in the process of appealing the termination or still had time remaining for so doing.[8]

II. *PROCEDURAL REQUIREMENTS*

A. *42 U.S.C. § 405(g)*

Section 405(g) specifies three requirements for judicial review of decisions by the Secretary: (1) a final decision made after a hearing; (2) commencement of a civil action within 60 days after the mailing of notice of such decision, or such further time as the Secretary may allow; and (3) filing of the action in an appropriate district court. 42 U.S.C. § 405(g) (Supp. V 1981). On appeal, the Secretary does not challenge the appropriateness of the district court's venue. She does argue, however, that some

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[8] The new dates retain the 60-day period that the district court added to the dates the decisions became final. We have held that the court's decision so to limit the class was well within its discretion. *See supra* note 7.

plaintiffs have not met the first two requirements. Her arguments are addressed below.

1. *The Finality Requirement*

The Supreme Court has interpreted the first requirement—that of a final decision made after a hearing—as consisting of two separate elements; (a) the waivable element that administrative remedies be exhausted (the exhaustion requirement), and (b) the nonwaivable element that the claim for benefits be presented to the Secretary (the presentation requirement). *Mathews v. Eldridge*, 424 U.S. 319, 328 (1976). The two parts of the finality requirement will be addressed separately.

a. *The Exhaustion Requirement*

In *Weinberger v. Salfi*, 422 U.S. 749 (1975), the Supreme Court held that the exhaustion requirement was not jurisdictional, but could be waived. It recognized that there were situations in which requiring exhaustion "would not merely be futile for the applicant, but would also be a commitment of administrative resources unsupported by any administrative or judicial interest." 422 U.S. at 765-66. In such cases, a decision may be deemed "final" before exhaustion of remedies is completed.

We believe that this is plainly the type of case as to which exhaustion of remedies would be futile. In *Salfi*, the Court described the policies behind the exhaustion requirement:

> Exhaustion is generally required as a matter of preventing premature interference with agency processes, so that the agency may function efficiently and so that it may have an opportunity

> to correct its own errors, to afford the parties and the courts the benefit of its experience and expertise, and to compile a record which is adequate for judicial review.

433 U.S. at 765. None of those policies would be proved by requiring exhaustion of administrative remedies with regard to the constitutional questions involved here. The question whether the Secretary is bound to apply the clear holdings of a United States Court of Appeals to persons within the circuit who were not parties to the original action is, one hopes, not a question as to which the Secretary has much experience or expertise to offer. Nor would compiling an administrative record be particularly useful in resolving that question. The possibility of the agency correcting its own errors at any level but the very top is precluded by the Secretary's order that this court's holdings not be followed. And the formality with which the Secretary has expressed her policy of nonacquiescence makes it clear that she herself will not correct the error. Indeed, in her briefs the Secretary does not even suggest the possibility that she might reconsider the validity of her nonacquiescence policy. Instead, she argues that exhaustion is not futile because many of the claimants may have their benefits reinstated even under the nonacquiescence policy. Plainly, however, plaintiffs are entitled to base their claims for benefits exclusively on the argument that the Secretary's refusal to apply the law as interpreted in *Patti* and *Finnegan* is unconstitutional. Requiring the claimants to go through several levels of administrative appeals with that claim would clearly be a "commitment of administrative resources unsupported by an administrative or judicial interest." *See Salfi*, 422 U.S. at

766. Indeed, such an exercise would seem to be the very height of futility.

With regard to the underlying statutory claim, the futility of exhaustion is even clearer. The issue whether the Secretary must present medical evidence before terminating benefits has not only already been litigated through all the required administrative levels, it has also already been decided by the federal district courts in *Patti* and *Finnegan* and by this court. On the underlying substantive claim, the position of the Secretary could not be clearer. That nothing short of a court order will suffice to vindicate the asserted right is demonstrated glaringly by the fact that the Secretary has only given effect to the holdings in *Patti* and *Finnegan* with regard to the parties to those actions. As the facts of this case illustrate, exhaustion of administrative remedies is futile by definition in any case challenging an announced policy of nonacquiescence.[9]

The Court suggested in *Salfi* that determining whether exhaustion is futile may be a question reserved exclusively for the Secretary. 422 U.S. at 766 ("A court may not substitute its conclusion of futility for the contrary conclusion of the Secretary."). In *Eldridge*, however, the Court made it

[9] Although the announcement of the policy of nonacquiescence removes any doubt about the futility of pursuing administrative remedies, we believe that, even in the absence of the announcement, the Secretary's disregard of the holdings in *Patti* and *Finnegan* would certainly be enough to raise serious questions as to whether pursuing administrative remedies would be futile. We therefore hold that the required preliminary showing on this issue was satisfactorily made even by those class members who, before the relevant Social Security rulings were issued, had allowed the time for initiating an administrative appeal to run.

clear that, under certain circumstances, courts may waive the exhaustion requirement over the Secretary's objection. The Court recognized that "cases may arise where a claimant's interest in having a particular issue resolved promptly is so great that deference to the agency's judgment is inappropriate." 424 U.S. at 330.

In *Eldridge*, plaintiff claimed that the Constitution entitled him to an evidentiary hearing before termination of his benefits. The Court thought that deferring to the Secretary's conclusion regarding futility was inappropriate in that case because the constitutional challenge was "entirely collateral" to the claim for benefits and because, "unlike the situation in *Salfi*, denying Eldridge's substantive claim 'for other reasons' or upholding it 'under other provisions' . . . would not answer his constitutional challenge." 424 U.S. at 331-32 (citation omitted).

Here, as in *Eldridge*, plaintiffs present a constitutional challenge [10] entirely collateral to the substan-

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[10] Although plaintiffs have clearly framed their case as one seeking to vindicate constitutional rights, three Justices, on the limited pleadings and record presented to the Supreme Court on the motion to stay the temporary restraining order, signed opinions which appear to question whether plaintiffs' claims are indeed constitutional. Justice Rehnquist viewed the plaintiffs' claims as alleging merely that the Secretary's evidentiary showing was insufficient. 104 S. Ct. at 15. And although they did not elaborate, Justices Stevens and Blackmun indicated that they too believed that the constitutional nature of plaintiffs' claims should be disregarded. 104 S. Ct. at 224.

We believe that plaintiffs' claims may properly be treated as constitutional for purposes of the inquiry before us. Although plaintiffs' standing rests on their entitlement to benefits that the Secretary has terminated without the required evidentiary showing, plaintiffs have based their claim for benefits almost exclusively on constitutional arguments. More im-

portantly, the Secretary defends her case on the merits by asserting her power to ignore the holdings of this court. Because the arguments on both sides are therefore predominantly constitutional on the merits, deciding this case will almost certainly require resolution of constitutional questions. For purposes of determining whether exhaustion should be waived, it is the constitutional nature of the questions to be resolved, not of the right to be vindicated, that should be important. As the Court explained in *Califano v. Sanders*, 430 U.S. at 109, *Salfi* and *Eldridge* rested in part on the view that "[c]onstitutional questions obviously are unsuited to resolution in administrative hearing procedures and, therefore, access to the courts is essential to the decision of such questions." Thus, even assuming that plaintiffs here are not seeking to enforce their constitutional rights, we believe that this case should be considered a constitutional one for purposes of determining whether waiver of the exhaustion requirement is appropriate. Whether plaintiffs' claims are "constitutional" for purposes of the 60-day limitation, *see infra*, is a somewhat more difficult issue. We believe, however, that plaintiffs have at least raised serious legal questions with regard to that issue.

We also note that considering this a constitutional case would not "open the floodgates," even if we focused on the right to be vindicated. Unlike the ordinary case in which the Secretary is alleged to have applied the law incorrectly, and which might arguably be framed in such a way as to implicate the constitutional duty of the Secretary to apply the law faithfully, the Secretary here has announced in plain terms that she will not follow the holdings of this court. Clearly the two types of cases are materially different. While with regard to Patti and Finnegan the Secretary may have violated only a statutory duty, with regard to recipients whose benefits were terminated after *Patti* and *Finnegan* became final the Secretary also violated her constitutional duty to execute the law faithfully.

With regard to the second constitutional claim, the one based on the due process clause, the source of the Justices' doubts is not as readily apparent. Although the Court has held that a pretermination hearing is not constitutionally required in cases such as this one, *see Eldridge*, 424 U.S. at 332-49, the

tive claim for benefits.[11] Also as in *Eldridge*, denying or upholding plaintiffs' entitlement to benefits on other grounds would not answer the constitutional challenge.

Court relied in part on the availability of post-deprivation hearings before the administrative agency. Claimants here argue that the Secretary's policy of nonacquiescence renders those post-deprivation hearings meaningless. Although the argument requires further exploration and refinement, it is not on its face frivolous. In addition, the argument that a procedural scheme permitting the Secretary to terminate benefits without first coming forth with any evidence whatever violates the due process clause also would not appear to be frivolous.

This opinion discusses the Secretary's arguments as applied to both the constitutional and the nonconstitutional claims. As our opinion makes clear, we do not believe that the constitutional nature of plaintiffs' claims is likely to be determinative of the issues involved.

[11] The Secretary argues that "the contention made on behalf of the class members that their benefits may not be terminated except upon a showing of medical improvement goes to the very heart of the merits of their substantive claim for disability benefits; it is not a 'collateral' issue like the asserted right to a pretermination hearing involved in *Mathews v. Eldridge*." The Secretary's argument ignores the fact that the question the Secretary sees as the issue on the merits has already been decided by this court. The real issue on the merits is whether the Secretary must apply the holdings of this court on a general basis within this circuit. Because we agree with the district court that the plaintiffs are likely to succeed on the merits of that issue, the underlying statutory issue need not be reached. There can be no doubt that the separation-of-powers issue is entirely collateral to the substantive claim for disability benefits.

Even with regard to the underlying statutory issue, however, we believe that the Secretary's argument is without merit. Contrary to the Secretary's suggestion, the claim that the Secretary must come forth with some evidence of medical

Even if we disregarded the constitutional nature of plaintiffs' claims, this is not an appropriate case for deferring to the Secretary's conclusion regarding futility. If plaintiffs are regarded only as vindicating once again the right that this court has already held in *Patti* and *Finnegan* they are entitled to, then the claim is just as collateral to the substantive claim for benefits as was Eldridge's. And granting or denying benefits on other grounds will still not answer the claim being asserted—*i.e.*, that the Secretary may not terminate benefits before she presents medical evidence of improvement. The only difference between this case and *Eldridge* would then be that the asserted right in one case was constitutional and in the other statutory. But in determining whether deference to the Secretary on futility is appropriate the important factors should be those that bear on the reliability of the Secretary's conclusions regarding futility. Whether the source of the asserted right is the Constitution or a statute does not appear to bear on that issue. *See Heckler v. Lopez*, 104 S. Ct. 221, 224 (1983) (Stevens, J., concurring in part and dissenting in part) ("[I]t should make no difference whether plaintiffs' claim is based on the statute or the Constitution."); *Lib-*

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improvement before terminating benefits is entirely distinct from the question whether the claimant continues to be disabled. As the Secretary herself concedes, claimants may be found entitled to benefits even if *Patti* and *Finnegan* were not applied, and they may be found ineligible for benefits even under *Patti* and *Finnegan*. Like *Eldridge*, plaintiffs have complained of the procedures used by the Secretary in terminating benefits. We see no possible grounds for distinguishing their claim that benefits may not be terminated except upon a showing of medical improvement from the claim in *Eldridge* that benefits may not be terminated except after a hearing.

erty Alliance for the Blind v. Califano, 568 F.2d 333, 344 (3d Cir. 1977).

Indeed, deferring to the Secretary on futility seems even less appropriate here than in *Eldridge*. Plaintiffs here have shown that the Secretary is deliberately and unequivocally flouting the procedures she is required by law to follow. In contrast to the situation in *Eldridge*, the Secretary here knows precisely what the courts say the law is and is nevertheless refusing to apply the law as so defined. That the Secretary, as a member of the executive, is required to apply federal law as interpreted by the federal courts cannot seriously be doubted. *See Marbury v. Madison*, 5 U.S. (1 Cranch) 137 (1803); U.S. Const. art. II, § 3 (The President "shall take Care that the Laws be faithfully executed").[12]

Under the circumstances prevailing here, it is likely not only that administrative appeals would prove fruitless, but also that the Secretary is using the exhaustion requirement as a mechanism to evade the law she is required to apply. Once bad faith and abuse of the statutory procedures have been shown to the extent shown here, requiring exhaustion seems not just unnecessary, but a perversion of the

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[12] The Secretary, in defending her nonacquiescence policy, pointed out in the district court that the Internal Revenue Service issues nonacquiescence rulings frequently. IRS nonacquiescence rulings, however, are not applicable within the circuit that rendered the opinion the IRS does not acquiesce in. That is plainly a material difference. Because conflicts among the circuits are inevitable, the executive clearly cannot be expected always to give nationwide effect to the holdings of a Court of Appeals. But, far from supporting the Secretary's argument, the IRS's nonacquiescence policy recognizes that the holdings of a Court of Appeals must be given effect within the circuit.

administrative and judicial system. We believe that the Secretary's decision to terminate claimants' benefits without complying with the procedures required by the statute became "final" with regard to each class member, and thus immediately reviewable by the district court, at the point each class member's benefits were terminated.

b. *The Presentation Requirement*

The Secretary argues that the nonwaivable element of the finality requirement has not been met because plaintiffs have not shown that all members of the class have filed a claim for benefits. We disagree. Courts have interpreted the presentation requirement liberally. In *Eldridge*, the Court suggested that all that was necessary to fulfill the nonwaivable element was a claim that may be said to form the basis for "some decision by the Secretary." 424 U.S. at 328. Accordingly, some courts have found that mere termination of benefits fulfills the presentation requirement. *See Kuehner v. Schweiker*, 717 F.2d 813, 817 (3d Cir. 1983); *Ellison v. Califano*, 546 F.2d 1162, 1164 (5th Cir. 1977); *Wilson v. Edelman*, 542 F.2d 1260, 1270-71 (7th Cir. 1976); *Kennedy v. Harris*, 87 F.R.D. 372, 376 (S.D. Calif. 1980). These decisions seem eminently sensible. Underlying them is the theory that the claimant's failure to report that his disability has ceased constitutes a continuing claim for benefits and that that claim is denied when the Secretary terminates the benefits. All of the class members here have had their benefits terminated by the Secretary and have thus met the presentation requirement as defined by these courts.

Even if mere termination were not sufficient to satisfy the presentation requirement, plaintiffs would prevail on this issue. Each plaintiff, shortly before his benefits were terminated, submitted a completed Social Security questionnaire indicating that he believed he was still disabled and entitled to benefits. The Supreme Court has held that section 405(g) requires no more formal a presentation than that. *Eldridge*, 424 U.S. at 329. Although in *Eldridge* the plaintiff had submitted both a questionnaire and a letter, the presence of the letter does not distinguish *Eldridge* from this case. The point was that the plaintiff had "specifically presented the claim that his benefits should not be terminated because he was still disabled." *Id.* Even without the letter, the questionnaire served that purpose in *Eldridge*, and it suffices here as well. *See also Heckler v. Lopez*, 104 S. Ct. 221, 223 n.2. (1983) (Stevens, J., concurring in part and dissenting in part) ("Eldridge's letter hardly added to the 'claim' he had already presented."); *cf. Wheeler v. Heckler*, 719 F.2d 595, 599-600 (2d Cir. 1983) (presentation requirement not satisfied because "plaintiffs presented no allegations that the unnamed plaintiffs had initiated even informal communications with SSA or DDSD, either prior or subsequent to receipt of a termination notice.").

The Secretary concedes, as she must, that the presentation required by section 405(g) is *not* the presentation of a challenge to the termination decision. *Eldridge* would dispose of any such argument, for Eldridge presented both the questionnaire and the letter *before* his benefits were terminated. Moreover, requiring that the claim be presented after the termination would have the curious effect in this case of requiring that the presentation come

after the final decision, when, as discussed above, the statute clearly contemplates that the presentation be the *basis* for the final decision. It is for the same reason that the Secretary errs when she argues that section 405(g) requires that the claim be presented after a tentative termination decision. If presentation of the claim must form the basis for the Secretary's final decision, then it should form the basis for her tentative decision as well. The Secretary's suggestion would have the effect of requiring a presentation in the middle of the decision-making process, whereas Congress appears to have envisioned the presentation as the initiation of that process.

2. *The Sixty-Day Limitation*

Section 405(g) provides that judicial review of final decisions of the Secretary must be "commenced within sixty days after the mailing . . . of notice of such decision or within such further time as the Secretary may allow." 42 U.S.C. § 405(g) (Supp. V 1981). The Secretary argues that the preliminary injunction must be reversed insofar as it grants relief to persons who received a final decision from the Secretary more than 60 days before the commencement of this action. Plaintiffs argue that, when administrative exhaustion is waived, a time limitation that comes into play only after administrative exhaustion is completed must also be waived. Neither argument is entirely correct.[13]

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[13] As noted above, Justices Stevens and Blackmun concurred in the majority's denial of plaintiffs' application to vacate the stay insofar as it stayed those parts of the preliminary injunction that applied to persons who had received final decisions from the Secretary more than 60 days before the commencement of this action and who had not timely sought judicial re-

Insofar as plaintiffs argue that waiver of exhaustion leaves them without an exhaustion date from which to begin counting the 60 days, plaintiffs misperceive the effect of a waiver of the exhaustion requirement. Section 405(g) authorizes federal courts to review "final decisions" of the Secretary. As *Salfi* and *Eldridge* make clear, waiver of the exhaustion requirement constitutes a determination, either by the Secretary or by the court, that the Secretary's decision became sufficiently final to warrant judicial review before exhaustion of administrative remedies was completed. In demonstrating that administrative exhaustion was futile in this case, plaintiffs have also demonstrated that they have received a final decision for purposes of the 60-day requirement.

The Secretary is mistaken, however, when she suggests that the failure of some class members to commence their civil action within 60 days of their final decisions has resulted in the expiration of their claims. As the Court made clear in *Salfi*, the 60-day limitation is not jurisdictional. 422 U.S. at 764. It is thus like the time limitation for initiation of Title VII claims, which the Court held in *Zipes v. Trans World Airlines, Inc.*, 102 S. Ct. 1127 (1982), was subject to waiver and equitable tolling. It is

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view. We note, however, that in arriving at that conclusion, Justices Stevens and Blackmun did not have the benefit of any of the arguments presented on this appeal. Because Justice Rehnquist did not rely on, or even discuss, the 60-day requirement in his opinion granting the stay, plaintiff did not address the 60-day issue in their application to the Court. Nor, indeed, had the arguments been presented adequately at any of the preceding stages. Although the Secretary did briefly mention the issue in her district court briefs, she did not urge the argument. The district court did not discuss the issue in its opinion.

thus also like the other waivable requirement of section 405(g)—the exhaustion requirement—which the Court held in *Eldridge* was waivable by the Secretary and, in unusual cases, by the court. The traditional requirements for equitable tolling of a statute of limitations are not present here. And, because she raised the issue, albeit in the most cursory manner, before the district court, the Secretary may not be deemed to have waived the 60-day requirement herself. We find, however, that plaintiffs are likely to prevail on this issue under at least one of three substantial legal theories. They have, at any rate, raised serious legal questions in all three instances.

First, we note that this is quite evidently not the type of case Congress had in mind when it designed the 60-day limitation. Section 405(g)'s time limitation differs significantly from ordinary statutes of limitations, which generally allow plaintiffs considerably more than 60 days in which to assert their legal rights. *See, e.g., Block v. North Dakota*, 103 S. Ct. 1811 (1983) (12-year statute of limitations applicable to actions to quiet title to real property in which the United States claims an interest). Ordinary statutes of limitations reflect a congressional intention to preclude litigation of stale claims and to allow parties to repose. In contrast, section 405(g), like other statutes governing review of administrative action, was designed to promote administrative efficiency. It reflects Congress's desire to facilitate the processing of large numbers of administrative claims.

In setting the time limitation for section 405(g) claims, Congress had to accommodate the agency's interest in efficient procedures with the claimant's interest in having enough time to prepare his case.

The brevity of the period it gave claimants suggests that it designed the limitation for the run-of-the-mill case involving a dispute over whether particular evidence demonstrates a disability. With regard to cases involving substantial legal, let alone constitutional issues, 60 days may provide too short a period. The problem is even graver when the case is one in which the exhaustion requirement has been waived. Unlike the ordinary claim for benefits, in which filing a civil action is simply the next step in a procedure that has been going on at the administrative level for some time and in which a complete administrative record has been compiled, plaintiffs in cases such as the one before us would, if the ordinary period were applied, have only 60 days from the time in which the initial deprivation of their rights occurred in which to prepare their cases for litigation. We doubt that Congress considered that a 60-day limitations period reasonably afforded protection to the claimant's interests in such cases. Indeed, limiting claimant's access to the courts in such cases to such a short period might infringe upon the claimant's constitutional right to be heard "at a meaningful time and in a meaningful manner." *See Armstrong v. Manzo*, 380 U.S. 545, 552 (1965). *See also Boddie v. Connecticut*, 401 U.S. 371 (1971) (ordinarily valid procedural requirements constitute unconstitutional infringement on right of access to courts when applied to indigent welfare recipients seeking divorce).

In any event, a strong argument can be made that the 60-day limitation does not apply where a serious constitutional claim is presented. In *Califano v. Sanders*, 430 U.S. 99 (1977), the Court explained that the holding in *Eldridge* was derived from the "well-established principle" that a statutory scheme

should not be read "to take the 'extraordinary' step of foreclosing jurisdiction unless Congress' intent to do so is manifested by ' "clear and convincing" ' evidence," and that "when constitutional questions are in issue, the availability of judicial review is presumed." 430 U.S. at 109 (quoting *Salfi*, 422 U.S. at 762). *Sanders* thus recognizes a special presumption in favor of access to courts for the resolution of constitutional questions. As discussed above, the limitations period of section 405(g) is an unduly burdensome procedural obstacle to judicial review of claims such as this one, particularly when exhaustion of administrative remedies has been waived. We believe that the presumption referred to in *Sanders* may well compel a holding that the 60-day limitations period of section 405(g) does not apply to cases involving substantial constitutional questions collateral to a substantive claim for benefits.[14] Because plaintiffs have, at the least, raised serious legal questions regarding the constitutional nature of their claims,[15] they have made the required preliminary showing that the 60-day limitation does not apply to them.

We also believe that there is, at the least, a serious possibility that plaintiffs will prevail on this issue on

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[14] The Secretary, quoting *Block v. North Dakota*, 103 S. Ct. at 1822, points out that "[a] constitutional claim can become time-barred just as any other claim can." That observation, however, misses the mark. The question before us is not whether constitutional claims may be time-barred, but whether the 60-day limitations period applies to constitutional claims as well as ordinary claims for benefits. If the 60-day limitation is inapplicable, then a substitute period must apply. Because we believe that none of these claimants waited unreasonably long before asserting their claims, we find it unnecessary to ascertain how long the alternate period is.

[15] See *supra* n.10.

the theory that the 60-day limitations period may be waived over the Secretary's objection. Although determining whether to waive the 60-day limitations period should ordinarily be a matter left to the Secretary's discretion, we believe that cases may arise in which "deference to the agency's judgment is inappropriate." *Eldridge*, 424 U.S. at 330. We believe that this is a case in which the conduct on the Secretary's part is so unusual as to render deference to her judgment inappropriate. As we noted above, the district court in this case found that plaintiffs were likely to succeed on the merits of their argument that the Secretary is deliberately flouting the law she is required to apply. Because there is no doubt what this court says the Secretary must do, she must expect that all her terminations ignoring *Patti* and *Finnegan*, will, if challenged, be reversed by all district courts within this circuit. Only procedural flaws in claimants' challenges offer her any hope of success in such courts. Thus, as we noted above, the Secretary appears to be using the procedural requirements as a mechanism for evading the law she is required to apply. In extraordinary cases involving bad faith on the part of the Secretary, the Secretary's interest in administrative efficiency should give way to the claimants' interest in adequately preparing their cases, an interest that, as we have seen, is not adequately protected by the 60-day limitation in cases such as this one.

Finally, we believe that, even if the limitations period is applicable, the number of class members whose claims would be time-barred is substantially smaller than the Secretary suggests. In the analogous Title VII context, the statute of limitations is deemed tolled retroactively for all unnamed class

members as of the time the class representative filed his administrative charge with the EEOC. *See Albemarle Paper Co. v. Moody*, 422 U.S. 405, 414 n.8 (1975); *Williams v. Owens-Illinois, Inc.*, 665 F.2d 918, 923 (9th Cir.), *cert. denied*, 103 S. Ct. 302 (1982); *Inda v. United Air Lines, Inc.*, 565 F.2d 554, 559 (9th Cir. 1977), *cert. denied*, 435 U.S. 1007 (1978); *see also* B. Schlei & P. Grossman, *Employment Discrimination Law* 1263 (2d ed. 1983). The statute is tolled even if the administrative charge was not filed on behalf of a class. *See Inda, supra.* The class representative's administrative complaint has that effect because when an employer acts in a way that affects an entire class in an identical manner, he cannot be heard to claim surprise over suits by the other employees. Because the individual administrative complaint should be adequate to give notice of the class-wide grievance, the purposes behind the time limitation are served by tolling the statute in that situation. *See Bowe v. Colgate-Palmolive Co.*, 416 F.2d 711, 719-20 (7th Cir. 1969), *cited with approval in Albemarle*, 422 U.S. at 414 n.8.

In this case, the Secretary has similarly acted in a way that affects an entire class in an identical fashion. Certainly the Secretary should have known that terminations made pursuant to her policy of refusing to follow decisions of this court would be challenged by the large number of people adversely affected by that policy. As in the Title VII situation, the filing of an individual administrative complaint under such circumstances should suffice to give notice that a class-wide dispute is involved. The Secretary should not now be heard to express surprise at the number of people challenging her ruling. We thus

conclude that there is a strong possibility that plaintiffs will succeed in their argument that, in a section 405(g) class action, the limitations period is deemed tolled retroactively for unnamed class members from the date a class representative first files an administrative appeal.

B. *Mandamus Jurisdiction.*

Plaintiffs argue that the federal mandamus statute provides an alternative basis for jurisdiction over this case. In considering the Secretary's motion for a stay pending appeal, we did not find it necessary to consider the availability of mandamus jurisdiction. When the Secretary sought a stay in the Supreme Court, plaintiffs relied only on the grounds set forth in our decision. Thus, none of the opinions of the Justices of the Supreme Court considered the mandamus issue. Because plaintiffs properly rely on the mandamus statute as an alternative basis for jurisdiction, we consider the issue now.

The mandamus statute provides that

> [t]he district courts shall have original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff.

28 U.S.C. § 1361 (1976). The Secretary argues that 42 U.S.C. § 405(g) precludes reliance on bases of jurisdiction other than 42 U.S.C. § 405(g). Section 405(h) reads, in relevant part, as follows:

> No action against the United States, the Secretary, or any officer or employee thereof shall be brought under sections 1331 or 1346 of title 28

> to recover on any claim arising under this subchapter.

42 U.S.C. § 405(h) (1976). Although the statute's language would appear not to preclude jurisdiction based on section 1361, the Secretary argues that the Supreme Court has held that jurisdiction over benefits claims may be based only on section 405(g). We disagree.

The cases cited by the Secretary all hold that section 405(g) precludes jurisdiction based on the general federal question statute, 28 U.S.C. § 1331 (1976 & Supp. 1981). When presented with the argument that mandamus jurisdiction is similarly unavailable, the Court has consistently reserved the question. *See Eldridge*, 424 U.S. at 332 n.12; *Norton v. Mathews*, 427 U.S. 524, 529-30 (1976); *Califano v. Yamasaki*, 442 U.S. 682, 697-98 (1979). We have held, however, that mandamus jurisdiction is available in cases challenging the procedures used in administering social security benefits. *See Ringer v. Schweiker*, 697 F.2d 1291 (9th Cir. 1982), *cert. granted sub nom. Heckler v. Ringer*, 103 S. Ct. 3535 (1983); *Daniel H. Freeman Memorial Hospital v. Schweiker*, 656 F.2d 473 (9th Cir. 1981); *Knuckles v. Weinberger*, 511 F.2d 1221 (9th Cir. 1975). In this regard, we are in accord with other circuits that have considered the question. *See Ellis v. Blum*, 643 F.2d 68 (2d Cir. 1981); *Martinez v. Richardson*, 472 F.2d 1121 (10th Cir. 1973). Our holding is also supported not only by the plain language of section 405(g), but also by Congress's failure, in amending other jurisdictional provisions, to express disapproval of the cases finding mandamus jurisdiction available under such circumstances. *See Ellis v. Blum*, 643 F.2d at 80.

The mandamus statute gives the district courts jurisdiction to entertain "actions in the nature of mandamus." 28 U.S.C. § 1361 (1976). This requirement has been read to incorporate the common law requirements for granting mandamus, i.e., (1) that the plaintiff have a plain right to have the act performed, (2) that the defendant have a plain duty to perform it, and (3) that there be no other adequate remedy available to the plaintiff. *See Kennecott Copper Corp., Nevada Mines v. Costle*, 572 F.2d 1349, 1356 (9th Cir. 1978); *see generally*, 1 J. Moore, J. Lucas, H. Fink, D. Weckstein & J. Wicker, *Moore's Federal Practice* ¶ 0.62[17] (2d ed. 1982). Here, the first two requirements are clearly satisfied: the Secretary's duty to perform the sought-after act was made plain in *Patti* and *Finnegan*, and, because all plaintiffs have had their benefits terminated as a result of the Secretary's failure to perform the act, each has a plain right to have the act performed. The only remaining question with respect to the availability of mandamus is whether plaintiffs have another adequate remedy. While we believe that it is likely that plaintiffs have an adequate remedy under section 405(g), our view is based on the assumption that the 60-day limitation on the filing of suits is inapplicable. If, however, the 60-day period does apply to each of the class members individually, we believe that, for the reasons previously discussed, the remedy would be inadequate and mandamus jurisdiction would be fully available as an alternative basis of jurisdiction.[16]

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[16] The Secretary does not question the timeliness of plaintiffs' assertion of mandamus jurisdiction. In any event, mandamus, like other equitable remedies, must be sought with "reasonable promptness." *See United States v. DeLoach*, 654

III. *SOVEREIGN IMMUNITY*

The Secretary claims that the district court lacked authority to award the preliminary relief awarded here because she is shielded by sovereign immunity. She argues that "a court may not award monetary relief against the federal government absent a congressional enactment waiving the United States' sovereign immunity." She points out that the only statute authorizing payment of the type of benefits awarded here permits payment only upon a "final decision" by the Secretary or "final judgment" by a court that a person is "entitled" to benefits. 42 U.S.C. § 405(i) (1976). Because the requirements set out in the statute were not satisfied, she argues, the relief given was inappropriate.

The Secretary's argument that the preliminary relief awarded here is inconsistent with the dictates of section 405(i) is without merit. Section 405(i) authorizes payment of benefits "[u]pon final judgment of any court of competent jurisdiction, that any person is entitled to" benefits. 42 U.S.C. § 405(i) (1976). Because each of the persons afforded relief by the preliminary injunction had been receiving benefits before the challenged action of the Secretary, each had received a "final decision" from the Secretary that he was "entitled to" benefits. Each is challenging the action of the Secretary revoking the earlier final decision. The district court's injunction merely instructs the Secretary to reinstate that earlier final decision pending determination of the validity of the revocation. The payments are thus indeed

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F.2d 763 (D.C. Cir. 1980) (unexplained delay of four years precludes mandamus jurisdiction). All of the plaintiffs' claims were brought reasonably promptly given the nature of the claims asserted.

being made pursuant to a "final decision" of the Secretary.

The court's power preliminarily to reinstate that "final decision" by interdicting enforcement of the otherwise superseding later decision is plainly encompassed in the federal court's traditional equitable power to grant preliminary relief. It is hornbook law that "[t]he general purpose of a preliminary injunction is to preserve the status quo pending final determination of the action after a full hearing." 7 J. Moore & J. Lucas, *Moore's Federal Practice* ¶ 65.04 [1] at 65-36 (2d ed. 1983). It is similarly well accepted that "[t]he status quo is the last uncontested status which preceded the pending controversy." *Westinghouse Electric Corp. v. Free Sewing Machine Co.*, 256 F.2d 806, 808 (7th Cir. 1958); *see National Association of Letter Carriers v. Sombrotto*, 449 F.2d 915, 921, 924 (2d Cir. 1971); *District 50, United Mine Workers of America v. International Union, United Mine Workers of America*, 412 F.2d 165, 168 (D.C. Cir. 1969); *Minnesota Mining and Manufacturing Co. v. Meter*, 385 F.2d 265, 273 (8th Cir. 1967); *Tanner Motor Livery, Ltd. v. Avis, Inc.*, 316 F.2d 804, 809 (9th Cir.), *cert. denied*, 375 U.S. 821 (1963); *Warner Brothers Pictures, Inc. v. Gittone*, 110 F.2d 292, 293 (3d Cir. 1940). A contrary rule would predicate a claimant's entitlement to preliminary relief on his having learned of the contested act sufficiently in advance to be able to file a lawsuit and seek a restraining order. It would also allow persons to shield themselves from equitable claims simply by presenting potential disputants with *faits accomplis*. Because section 405(i) evinces no congressional intent to limit the traditional equitable power of the courts to grant preliminary relief if the

moving party is likely to succeed on the merits and would suffer irreparable injury without the relief, we must conclude that the preliminary injunction granted here was a proper exercise of the district court's equitable discretion.[17]

The Secretary cites the recent enactment of an amendment to the Social Security Act, 42 U.S.C. § 1395, 96 Stat. 2497 (1983), as support for the proposition that the law did not authorize courts to award interim benefits pending adjudication of a section 405(g) claim to persons whose benefits were terminated before January 12, 1983. The Secretary argues that that amendment, entitling persons who are challenging termination of their benefits to continued benefits during their appeals, was designed to

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[17] Justice Rehnquist appeared troubled by the fact that, under the injunction, "the Secretary's obligation to pay is triggered merely by the recipient's statement in his application that, in his subjective belief, his medical condition has not improved since the earlier determination." *Heckler v. Lopez*, 104 S. Ct. at 14. We agree that a mere application for benefits would be an insufficient basis for a court order directing the payment of benefits. Here, however, the district court's power to order reinstatement of class members' benefits derives not from the application but from the Secretary's own final decision, which the district court has found likely to have been improperly revoked. As we have already seen, the court's traditional equitable powers include the power preliminarily to interdict enforcement of the terminations, and thus to reinstate the benefits of *all* the class members, if the traditional requirements for preliminary relief are met. If the court could have reinstated the benefits of all class members, then the court's injunction can be no less valid because it granted that relief only to those who subsequently filed an application stating that they were still disabled. The application procedure outlined in the injunction thus serves as a limiting device, not as the source of the court's authority to order the resumption of benefits payments.

cure a defect that Congress perceived in prior law. That defect, the Secretary argues, was the absence of authority to award the type of benefits awarded here. Because the amendments apply only to persons whose benefits were terminated after January 12, 1983, she continues, the court was without authority to award the preliminary relief it awarded.

The Secretary's argument is flawed in two respects. First, the amendment she refers to applies not only to persons whose benefits were terminated after January 12, 1983, but also to persons whose benefits were terminated before that date and who have sought administrative review under section 221 (d) of the Social Security Act. Because the administrative exhaustion requirement was waived in this case, this latter requirement should be deemed satisfied as well. More fundamentally, however, the amendments were not at all designed to address the problem of courts lacking power to grant preliminary relief. The amendment only entitles claimants to interim benefits pending *administrative* review. *See* 42 U.S.C. § 1395, 96 Stat. 2498 (1983). Congress's enactment of a law entitling claimants to interim benefits pending their administrative appeal does not in any way suggest that it believed courts lacked the power to reinstate benefits pending judicial review in cases otherwise satisfying the requirements for preliminary relief. To the contrary, it suggests that Congress believed that the existing scheme, which permitted judicial intervention only upon a "final decision" of the Secretary, left claimants challenging terminations without sufficient recourse during their administrative appeals.

Neither would sovereign immunity be a bar to the exercise of jurisdiction under the mandamus statute.

In 1976, Congress amended section 702 of the Administrative Procedure Act to provide specifically that

> [a]n action in a court of the United States seeking relief other than money damages and stating a claim that an agency or an officer or employee thereof acted or failed to act in an official capacity or under color of legal authority shall not be dismissed nor relief therein be denied on the ground that it is against the United States or that the United States is an indispensable party.

5 U.S.C. § 702 (1982). That clearly constitutes a consent to be sued in cases such as this. Plaintiffs here were awarded preliminary injunctive relief, not damages. The district court made it clear that it was awarding only prospective relief; the preliminary injunction does not even order payment to the class members of the benefits that they will have failed to receive between the time they were terminated and the time the Secretary reinstates the benefits pursuant to the injunction. Although section 702 does go on to provide that "[n]othing herein . . . confers authority to grant relief if any other statute that grants consent to suit expressly or impliedly forbids the relief which is sought," *id.*, as we have seen, nothing in the Social Security Act forbids the type of equitable relief awarded here. Sovereign immunity thus presents no obstacle to the availability of mandamus as an alternative basis for jurisdiction.

CONCLUSION

Because we see no basis for awarding relief to claimants who had received final decisions on their terminations before *Patti* and *Finnegan* were decided, we vacate the preliminary injunction granted by the district court insofar as it applies to *Finnegan*-type claimants who had received final decisions on their terminations before August 25, 1981, and *Patti*-type claimants who had received final decisions on their terminations before August 30, 1982. With regard to all remaining plaintiffs, however, we affirm the preliminary injunction. We conclude that section 405(g)'s presentation requirement was satisfied, that it is likely (a) that section 405(g)'s exhaustion requirement was properly waivable, (b) that its 60-day limitation was probably inapplicable in this case, and (c) that, in any event, the limitation was tolled for most, if not all, class members. We also conclude that, if plaintiffs do not prevail under section 405(g), they will prevail under the mandamus statute. Finally, we conclude that the relief awarded was fully consistent with the requirements of section 405(i) and therefore not barred by sovereign immunity. *A fortiori*, therefore, we conclude that plaintiffs raise serious legal questions. Accordingly, we affirm the preliminary injunction, as modified above, in all respects.

AFFIRMED IN PART; REVERSED IN PART.

BOOCHEVER, Circuit Judge, concurring.

I concur generally in Judge Reinhardt's opinion and share his concern over the Secretary's refusal to obey the decisional law of this circuit. I cannot

agree, however, that a substantial question is presented as to whether claimants who received termination notices from the Secretary more than sixty days prior to commencement of this class action and failed to seek any review are time-barred by the sixty-day limitation of § 405(g). The district court had no jurisdiction under § 405(g) over those claimants. *See Heckler v. Lopez*, —— U.S. ——, 104 S. Ct. 221, 223 (1983) (Stevens, J., concurring in part and dissenting in part).

APPENDIX B

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 83-6126

D.C. No. 83-0697-WPG[T]

MARIO LOPEZ, ET AL., PLAINTIFFS-APPELLEES

vs.

MARGARET M. HECKLER, Secretary of Health and Human Services, ET AL., DEFENDANTS-APPELLANTS

[Filed Feb. 22, 1984]

ORDER

Before: PREGERSON, BOOCHEVER, and REINHARDT, Circuit Judges

The time for issuance of the mandate is hereby shortened to ten (10) days. If, within that period, appellee files a request for a stay with the Circuit Justice, the mandate shall not issue until such time as the Circuit Justice or the Supreme Court acts upon such request. No petition for rehearing or rehearing en banc will be entertained by the panel.

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 83-6126

D.C. No. 83-0697-WPG[T]

MARIO LOPEZ, ET AL., PLAINTIFFS-APPELLEES

vs.

MARGARET M. HECKLER, Secretary of Health and Human Services, ET AL., DEFENDANTS-APPELLANTS

Emergency Motion for a Partial Stay Pending Appeal of a Preliminary Injunction Ordered by the United States District Court for the Central District of California
Honorable William P. Gray, District Judge, Presiding

Decided August 24, 1983

[Filed Aug. 24, 1983]

OPINION AND ORDER

Before: PREGERSON, BOOCHEVER, and REINHARDT, Circuit Judges

REINHARDT, Circuit Judge:

The Secretary of Health and Human Services seeks a partial stay pending appeal of a preliminary injunction issued by the United States District Court for the Central District of California.[1] *See* Fed. R. App. P. 8(a); Ninth Circuit R. App. P. 6(h). The order requires the restoration of disability benefits to a large number of Social Security recipients. From 28,000 to 78,000 individuals may be eligible. We reject the Secretary's request for a stay and allow the preliminary injunction to stand.

BACKGROUND

The underlying dispute before the district court involves a class action[2] challenge to policies and procedures used by the Secretary in terminating Social Security disability benefits. *See* 42 U.S.C. §§ 401-431 (1976 and Supp. IV 1980) (Social Security Disability Insurance (SSDI) benefits for disabled workers); 42 U.S.C. §§ 1381-1383 (1976 and Supp. IV 1980) (Supplemental Security Income (SSI) benefits for

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[1] The Secretary also requested "in any event a temporary stay." We have previously denied that request.

[2] The district court certified as the plaintiff class those Supplemental Security Income and Social Security Disability Insurance recipients who live within the Ninth Circuit and "who have been or will be considered for termination after August 30, 1981, and SSI recipients under the 'grandfather clause' of the Social Security Act who have been or will be considered for termination after August 25, 1980, such consideration being or having been for the asserted reason that the claimant's disability had ceased" [footnotes omitted].

persons who are both poor and disabled). According to findings made by the district court, since March of 1981 the Social Security Administration has drastically increased the rate at which it reviews the status of persons receiving disability benefits.[3] As a result, the number of people who have had their benefits terminated annually has doubled—from 98,000 removed from the disability rolls in fiscal year 1981 to 195,474 terminated in fiscal year 1982.

Plaintiffs contend that the procedures used by the Secretary of Health and Human Services in terminating the benefits of disabled persons are in direct violation of two decisions of this court. In *Patti v. Schweiker*, 669 F.2d 582, 587 (9th Cir. 1982), and *Finnegan v. Matthews*, 641 F.2d 1340, 1345 (9th Cir. 1981), we held that before Social Security disability benefits can be terminated on the ground that the recipient is no longer disabled, the Secretary must introduce evidence that the recipient's medical condition has improved. The principal rationale underlying these decisions is that the Social Security Administration's initial determination of disability creates a presumption that the person remains disabled. To terminate benefits, then, the Secretary is "required to 'meet or rebut' " the presumption "with evidence that [the recipient's] condition has improved in the interim." *Patti*, 669 F.2d at 587. *See also Rivas v. Weinberger*, 475 F.2d 255, 252 (5th Cir. 1973) ("Once evidence has been presented which supports a finding that a given condition exists it is presumed in the absence of proof to the contrary that the condition has remained unchanged.").

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[3] The district court found that in calendar year 1980, 185,639 Continuing Disability Investigations (CDIs) were conducted; in the fiscal year 1982, 435,262 CDIs were undertaken.

The Secretary of Health and Human Services subsequently announced that she "does not acquiesce" in and therefore would not follow this court's holdings in *Patti* and *Finnegan*.[4] *See* Social Security Rulings 82-10c and 82-49c. Instead, the Secretary has ordered that Social Security disability benefits be terminated on the ground of lack of disability regardless of whether the recipient's medical condition has improved since the time of the initial disability determination. *See* Social Security Ruling 81-6.

This policy was challenged by plaintiffs in district court. Plaintiffs' suit is framed in large part as a constitutional challenge to the policy of nonacquiescence. Plaintiffs argue that the policy violates the principles of separation of powers and *stare decisis* as well as their rights to due process and equal protection.

On June 16, 1983, in a thorough, careful, and well-reasoned decision, Senior District Judge William P. Gray granted plaintiffs' motion for a preliminary injunction. The court restrained the Secretary "[f]rom failing to follow, implement or accord precedential effect to" *Finnegan* and *Patti* and from implementing the nonacquiescence policy announced in Social Security Rulings 82-10c, 82-49c, and 81-6.

The Secretary did not seek to stay these aspects of the district court's order. Rather, the government requested that the following portion of the district court's injunction be stayed pending appeal:

> (c) (i) Within sixty (60) days following the date of this order, the defendants will notify

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[4] The Secretary did not seek Supreme Court review of our decisions in either *Patti* or *Finnegan*. The individual litigants in the two cases did, however, receive the relief mandated by this court.

(a) each class member who had been receiving Supplemental Security Income Disability benefits under 42 U.S.C. § 1382c(a)(3)(E), and who was terminated from such benefits after August 25, 1980, and (b) all other persons who have been terminated from either Title II social security disability insurance or Title XVI Supplemental Security Income Disability after August 30, 1981, for the purported reason that his or her disability had ceased, whether or not such person has appealed, that:

> Such person may apply for reinstatement of benefits if he or she believes that his or her medical condition has not improved following the granting of disability benefits.

(ii) Upon receiving such application, the defendants will forthwith reinstate and pay benefits in the monthly amounts such person would have been receiving had his or her benefits not been interrupted.

(iii) Following such reinstatement, if the defendants or their agents or employees conduct a disability investigation or other screening of such person, they will apply the standards set forth in *Patti v. Schweiker* and *Finnegan v. Matthews* and, if they conclude that such person's medical condition has improved and he or she is no longer disabled, they will identify the evidence relied upon to reach that conclusion.

(iv) Following such review, persons who are notified of an initial determination that their benefits shall cease shall be given an opportunity to contest the determination and pending such review, they shall continue to receive aid as provided in current laws and regulations.

The Secretary's request for a partial stay and for a temporary stay, characterized by the government as an "emergency motion," was filed on Thursday, August 11, 1983—56 days after the district court issued the preliminary injunction and only four days before the Monday on which the Secretary was required to notify terminated recipients of their eligibility for reinstatement. This court received the lengthy papers and record in this case on Friday, August 12, 1983. On Saturday, August 13, we issued a six page order rejecting the Secretary's request for a temporary stay and declining to act "on an emergency basis" on the request for a partial stay. Our decision was based in part on the fact that the requirement that terminated recipients be notified by August 15, 1983 of their potential eligibility for benefits was the only immediate obligation imposed upon the government. We reasoned that the bulk of the administrative costs and the cost of reinstating benefits—the source of the injury which the Secretary argues justifies a stay—would not start to accrue until later, when the former recipients begin reapplying for benefits. Thus, we saw no necessity to issue a temporary stay or to grant a partial stay pending appeal on an "emergency" basis—especially given the Secretary's unexplained delay in seeking such relief.

On Monday, August 15, 1983, the Secretary, in compliance with paragraph (c)(i) of the district court's order, notified 28,557 members of the plaintiff class of their eligibility to reapply for disability benefits. The issue remaining before us is whether the Secretary must now comply with the remainder of paragraph (c). In other words, while the appeal from the preliminary injunction order is pending, must the Secretary reinstate benefits to those dis-

abled persons who file applications, and may she then terminate those benefits only in accordance with the procedures required by our decisions in *Patti* and *Finnegan*?

STANDARD OF REVIEW

The standard for evaluating stays pending appeal is similar to that employed by district courts in deciding whether to grant a preliminary injunction. *See Nevada Airlines, Inc. v. Bond*, 622 F.2d 1017, 1018 n.3 (9th Cir. 1980). In this circuit there are two interrelated legal tests for the issuance of a preliminary injunction. These tests are "not separate" but rather represents "the outer reaches 'of a single continuum.'" *Los Angeles Memorial Coliseum Commission v. National Football League*, 634 F.2d 1197, 1201 (9th Cir. 1980). At one end of the continuum, the moving party is required to show both a probability of success on the merits and the possibility of irreparable injury. *Id. See also Miss Universe, Inc. v. Flesher*, 605 F.2d 1130, 1134 (9th Cir. 1979). At the other end of the continuum, the moving party must demonstrate that serious legal questions are raised and that the balance of hardships tips sharply in its favor. *Los Angeles Memorial Coliseum Commission*, 634 F.2d at 1201; *Miss Universe*, 605 F.2d at 1134. "[T]he relative hardship to the parties" is the "critical element" in deciding at which point along the continuum a stay is justified. *Benda v. Grand Lodge of International Association of Machinists, etc.*, 584 F.2d 308, 314-15 (9th Cir. 1978), *cert. dismissed*, 441 U.S. 937 (1979). In addition, in cases such as the one before us, the public interest is a factor to be strongly considered. *See Warm Springs Dam Task Force v. Gribble*, 565 F.2d 549, 551 (9th Cir. 1977).

In this case, the Secretary seeks a stay pending appeal of a preliminary injunction. Therefore, in order to determine whether the Secretary has raised serious legal questions or whether she has shown a probability of success on the merits, we must evaluate her arguments for overturning the district court's preliminary injunction on appeal. As a general rule, we have held that an "order issuing or denying a preliminary injunction will only be reversed if the lower court abused its discretion or based its decision upon erroneous legal premises." *Los Angeles Memorial Coliseum Commission*, 634 F.2d at 1200.

DISCUSSION

I. *IRREPARABLE INJURY, THE BALANCE OF HARDSHIPS, AND THE PUBLIC INTEREST.*

The Secretary's contention that the government will suffer substantial hardship in the absence of a stay pending appeal is premised solely on the financial and administrative costs of reinstating disability benefits to former recipients. According to the Secretary, 28,557 terminated recipients were notified on August 15, 1983, of their eligibility to reapply for benefits. The government estimates that if every one of these former recipients reapplies for benefits, the total monthly cost of restoring benefits pending readjudication of claims will be $12,000,000. The government puts the total administrative cost of implementing the district court order at $10,300,000.[5]

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[5] These estimates are contained in the Secretary's amended declaration received by this court on August 17, 1983. The cost estimates previously supplied to the district court by the government were almost three times as high: the monthly

The district court's injunction will undoubtedly impose some burden on the government. Even if we accept the Secretary's estimates at face value, however, the government has not demonstrated that the balance of hardships tips in its favor.[6] On the con-

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cost of reinstating benefits was put at $32,000,000, and the total administrative cost was estimated at $28,000,000. Even considering these much higher cost estimates, the district court did not find that the disability insurance trust fund would be endangered by the issuance of a preliminary injunction or that the balance of hardships tipped in the government's favor.

[6] There are several reasons to believe that the Secretary's arguments regarding financial harm are somewhat exaggerated. To begin with, most of the increased administrative workload—the holding of hearings—will not occur automatically; rather, hearings will be necessary only in cases in which the Secretary believes that there is evidence that she can introduce to show an improvement in medical condition, and thus a proper basis for terminating benefits.

Second, there is no evidence in the record that the increased expenditures necessitated by the district court's order would imperil the Social Security trust fund. To the contrary, plaintiffs have presented evidence indicating that the trust fund for disability insurance is currently solvent and that the long-term actuarial predictions for the fund also indicate solvency.

Third, the government's cost estimates ignore the increased burden placed on state and local taxpayers by the Secretary's actions. According to one study presented by plaintiffs, 48% of those Supplemental Security Income recipients terminated in Michigan subsequently became eligible for other government-funded welfare programs, while 7% entered psychiatric facilities, 4% entered prisons or jails, 5% received outpatient mental health services, and 2% died. Similarly, New York state officials estimate that the Secretary's disability terminations would cost New York state and local governments $234 million annually in additional welfare costs as well as an extra $165 million annually in mental health care expenditures. The Secretary's estimates of harm to the taxpayer completely ig-

trary, we agree with the district court's conclusion that the balance of hardships in this case strongly favors plaintiffs.

Plaintiffs do not attempt to match in dollars and cents the monetary harms that will allegedly be suffered by the government. Yet the physical and emotional suffering shown by plaintiffs in the record before us is far more compelling than the possibility of some administrative inconvenience or monetary loss to the government. We find ample support for Judge Gray's persuasive finding "that some who have unexpectedly lost benefits have already suffered deprivation of life's necessities, further illness, or even death from the very disabilities that the Secretary deemed them not to have." Faced with such a conflict between financial concerns and preventable human suffering, we have little difficulty concluding that the balance of hardships tips decidedly in plaintiffs' favor.

We also consider it crucial that, because the members of plaintiffs' class are largely infirm and disabled, their resources and life spans are by definition extremely limited. Deprivation of benefits pending trial might cause economic hardship, suffering or

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nore these other costs. We seriously question whether the public interest is served in this case by merely shifting the tax burden from federal to state and local governments. *See, e.g., Leschniok v. Heckler*, Nos 82-5676 & 82-665, slip op. at 6, 8 (9th Cir. Aug. 18, 1983) (noting "a shift of the welfare burden from one program to another, from primarily federal to primarily state sources of funds," as a result of Social Security benefit terminations); *Mental Health Association of Minnesota v. Schweiker*, 554 F. Supp. 157, 167 (D. Minn. 1982) ("There is no public interest in shifting financial responsibility for the psychiatrically disabled from a solvent disability fund to state and local government.").

even death. Retroactive restoration of benefits would be inadequate to remedy these hardships.[7] Following his thorough review of the record, Judge Gray reached a similar conclusion: "Retroactive relief [for plaintiffs] would be inadequate, and perhaps too late, to ensure that the purpose of Social Security disability benefits, i.e., provision of a minimum standard of living for the poor and disabled, will be served." *See also Leschniok v. Heckler*, Nos. 82-5676 & 82-6065, slip op. at 8 (9th Cir. Aug. 18 1983) ("We fail to comprehend the Secretary's argument that financial compensation at some future date, should the claimants survive and prevail, mitigates the hardship which is visited upon claimants and their families each and every day."); *Caswell v. Califano*, 583 F.2d 9, 14 (1st Cir. 1978) ("It is simply not true that a claimant for disability benefits, not infrequently in dire financial circumstances due to his disability, is truly made whole by retroactive payments which he has had to survive well over a year without." ; *Mental Health Association of Minnesota v. Schweiker*, 554 F. Supp. 157, 165-66 (D. Minn. 1982) ("[C]lass members who have been denied [disability] benefits or have had benefits terminated have suffered serious harms . . . [that] are not recompensable through a retroactive award of benefits.").

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[7] We also note, but do not place much emphasis on, the fact that the government will have the opportunity to recover benefits that were paid erroneously. The district court has expressly conditioned the receipt of reinstated benefits under the preliminary injunction on the Secretary's right to recoup such payments if the recipient is subsequently terminated in accordance with *Patti* and *Finnegan*. This may well be more of an illusory than a practical remedy. *Mathews v. Eldridge*, 424 U.S. at 347.

Here, the question of the public interest is inseparable from the issues relating to the relative hardship suffered by the litigants. Up to now, we have discussed the government's interest only in the narrowest terms—the administrative and financial impact of the preliminary injunction. For purposes of determining the relative hardship to the parties, it may be appropriate to do so—to judge the government's narrow interest in terms of its role as a litigant. In a broader sense, however, the government's interest is the same as the public interest. The government must be concerned not just with the public fisc but also with the public weal. In assessing this broader interest, we are not bound by the government's litigation posture. Rather, we make an independent judgment as to the public interest.

It is not only the harm to the individuals involved that we must consider in assessing the public interest. Our society as a whole suffers when we neglect the poor, the hungry, the disabled, or when we deprive them of their rights or privileges. Society's interest lies on the side of affording fair procedures to all persons, even though the expenditure of governmental funds is required. It would be tragic, not only from the standpoint of the individuals involved but also from the standpoint of society, were poor, elderly, disabled people to be wrongfully deprived of essential benefits for any period of time. It would be unfortunate, but far less harmful to society, were the government to succeed in overturning the preliminary injunction but be unable to recoup all or a portion of the funds.

In summary, the balance of hardships as between the litigants lies sharply in favor of the plaintiffs. When the public interest is included, that balance is overwhelming.

II. *PROBABILITY OF SUCCESS ON THE MERITS AND THE EXISTENCE OF SERIOUS LEGAL QUESTIONS.*

The Secretary makes two principal arguments regarding the merits of her appeal from the order granting the preliminary injunction. First, the Secretary attempts to defend her policy of "nonacquiescence" with federal court decisions. This defense, presented in a footnote to the government's brief, is far from persuasive. To begin with, other circuits that have considered the question have already rejected the Secretary's argument that a federal agency can legitimately ignore federal appeals court precedents. *See, e.g., Jones & Laughlin Steel Corp. v. Marshall*, 636 F.2d 32, 33 (3d Cir. 1980); *ITT World Communications v. FCC*, 635 F.2d 32, 43 (2d Cir. 1980); *Ithaca College v. NLRB*, 623 F.2d 224, 228-29 (2d Cir.), *cert. denied*, 449 U.S. 975 (1980); *Mary Thompson Hospital, Inc. v. NLRB*, 621 F.2d 858, 864 (7th Cir. 1980); *Allegheny General Hospital v. NLRB*, 608 F.2d 965, 970 (3d Cir. 1979). *See also Chee v. Schweiker*, 563 F. Supp. 1362, 1364-65 (D. Ariz. 1983); *Siedlecki v. Schweiker*, 563 F. Supp. 43, 46-48 (W.D. Wash. 1983); *Hillhouse v. Harris*, 547 F. Supp. 88, 93 (W.D. Ark. 1982). Moreover, the cases cited by the Secretary to support her position appear to be inapposite. In short, our review of the relevant case law indicates that there is little chance that the Secretary will succeed in her argument that nonacquiescence is a legitimate policy, or, to put it more precisely, that she will persuade us that the district court committed a legal error in concluding that there was a strong probability that the plaintiffs would ultimately prevail on this fundamental issue.

Second, it should be obvious that, even if the Secretary's issuance of nonacquiescence rulings regarding *Finnegan* and *Patti* does not violate the Constitution, each of her department's decisions based on those rulings will be rejected summarily whenever challenged in this circuit. We see little chance that the Secretary will convince this Court to the contrary.[8]

The majority of the Secretary's attention is devoted to her second argument: that the district court improperly exercised jurisdiction over some members of plaintiffs' class. The district court premised its jurisdiction on 42 U.S.C. § 405(g), which provides a limited avenue of judicial review upon the filing of a complaint within 60 days of a final decision of the Secretary.[9]

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[8] The Secretary also argues that her nonacquiescence rulings issued after the decisions in *Patti* and *Finnegan* constitute superceding regulations to which this Court should defer. Because the *Patti* and *Finnegan* decisions were not based in any way on particular Health and Human Services regulations, we do not think the Secretary is likely to prevail on this argument.

[9] There may be a basis for the district court's jurisdiction other than § 405(g). Plaintiffs claim that 28 U.S.C. § 1361 (1976) provides an independent basis for such jurisdiction. Section 1361 gives the district court "original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff." We have recently held that section 1361 offers "an independently adequate ground for jurisdiction" in a case dealing with a "constitutional challenge" to the illegal termination of social security disability insurance benefits. *Leschniok v. Heckler*, Nos. 82-5676 & 82-6065, slip op. at 5 (9th Cir. Aug. 18, 1983). *See also Elliot v. Weinberger*, 564 F.2d 1219, 1226 (9th Cir. 1977), *aff'd in part, rev'd in part on other grounds sub nom., Califano v. Yamasaki,*

In order to satisfy the section 405(g) requirements, plaintiffs must overcome several procedural obstacles. First, plaintiffs must have presented a claim for benefits to the Secretary. Contrary to the Secretary's assertion, there is substantial authority for the proposition that this requirement is satisfied once the Secretary has had an opportunity to act and benefits have actually been terminated. *See Ellison v. Califano*, 546 F.2d 1162, 1164 (5th Cir. 1977).

The second requirement under section 405(g) is that a final decision must have been made by the Secretary. This requirement may be waived by the Secretary or excused or deemed complied with by the court. *See, e.g., Mathews v. Eldridge*, 424 U.S. 319, 328 (1976); *Jones v. Califano*, 576 F.2d 12, 18-19 (2d Cir. 1978); *Liberty Alliance for the Blind v. Califano*, 568 F.2d 333, 346 (3rd Cir. 1977). Some of the named plaintiffs and an unknown number of the plaintiff class have exhausted all administrative remedies and obtained final decisions; these plaintiffs indisputably are properly before the district court. The Secretary argues, however, that there is no jurisdiction over the other plaintiffs. The district court evaluated the Secretary's arguments and de-

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442 U.S. 682 (1979). Plaintiffs contend that, in light of the Secretary's flagrant noncompliance with *Patti* and *Finnegan*, mandamus is appropriate because "the claim is clear and certain and the duty of the officer is ministerial and so plainly prescribed as to be free from doubt." *Elliot v. Weinberger*, 564 F.2d at 626. Plaintiffs also contend that section 1361 jurisdiction exists because they are making a constitutional challenge to the procedures used by the Secretary rather than seeking the payment of benefits, citing *Ringer v. Schweiker*, 697 F.2d at 1294, 1296. Since the district judge found jurisdiction under § 405(g), he did not find it necessary to consider or resolve the section 1361 question.

cided that the plaintiffs' failure to exhaust their administrative remedies was excusable because it would have been futile to require plaintiffs to pursue administrative remedies in the face of the Secretary's announced policy of nonacquiescence. The district court's analysis finds strong support in two decisions that were thoroughly considered and discussed by Judge Gray in his opinion: *Weinberger v. Salfi*, 422 U.S. 749, 765-66 (1975); and *Ringer v. Schweiker*, 697 F.2d 1291 (9th Cir. 1983), *cert. granted*, 103 S. Ct. 3535 (June 27, 1983).

There is much additional support for the district court's conclusion that the section 405(g) exhaustion requirement does not apply in this case. First, plaintiffs have raised constitutional challenges to the Secretary's nonacquiescence policies. The Second Circuit has held that the exhaustion requirement should be waived where constitutional challenges similar to the ones in this case are raised. *See Jones v. Califano*, 576 F.2d at 18-19. *See also Mathews v. Eldridge*, 424 U.S. at 330 ("It is unrealistic to expect that the Secretary would consider substantial changes in the current administrative review system at the behest of a single aid recipient raising a constitutional challenge in an adjudicatory context. The Secretary would not be required to even consider such a challenge."). Second, the Third Circuit has decided that, even as to statutory rather than constitutional issues, the exhaustion requirement can be waived whenever the Secretary has taken a "final position" on a question. *See Liberty Alliance for the Blind v. Califano*, 568 F.2d at 346 ("The test for exhaustion of a statutory issue in an individual case . . . should be whether the Secretary has taken a final position on that issue. In the class context the test should be no different.").

See also Jones v. Califano, 576 F.2d at 19 (waiver of exhaustion requirement when "the Secretary had had ample opportunity . . . to modify his position.").

Finally, the district court emphasized the obvious undesirability, as well as the due process and equal protection implications, of the dual system of benefit review created by the Secretary's nonacquiescence policy. As the district court noted,

> [t]he policy of nonacquiescence announced by the Secretary creates two standards governing claimants whose disability benefits are terminated as a result of such nonacquiescence. If such a claimant has the determination and the financial and physical strength and lives long enough to make it through the administrative process, he can turn to the courts and ultimately expect them to apply the law as announced in *Patti* and *Finnegan*. If exhaustion overtakes him and he falls somewhere along the road leading to such ultimate relief, the nonacquiescence and the resulting termination stand. Particularly with respect to the types of individuals here concerned, whose resources, health and prospective longevity are, by definition, relatively limited, such a dual system of law is prejudicial and unfair.

The Second Circuit expressed a similar view in *Jones v. Califano*, 576 F.2d at 19.[10]

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[10] *Jones* involved a conflict between the Secretary and the Department's Appeals Council. Despite the fact that the Appeals Council had ruled repeatedly in favor of the claimants, the Secretary continued to adhere to a disapproved regulation. The Second Circuit held that the exhaustion requirement need not be met in light of the Secretary's refusal to

The third requirement under section 405(g) is that plaintiffs' appeals must have been brought within 60 days of the Secretary's final decision. The Secretary argues that all decisions not challenged within 60 days are unappealed and thus have a *res judicata* effect in later proceedings. Because the 60-day requirement can be waived by the parties, *Mathews v. Eldridge*, 424 U.S. at 328 n.9 (1976); *Weinberger v. Salfi*, 422 U.S. at 763-64, it need not be taken into consideration on appeal if not raised before the district court. *Id. See also Rowland v. Califano*, 588 F.2d 449 (5th Cir. 1979). There is no indication in the record currently before us that the 60 day requirement was raised by the Secretary below; nor is there any mention of the requirement in the district court's decision. In any event, the administrative *res judicata* bar is ordinarily not applied when an agency's decision is challenged on constitutional grounds. *Califano v. Sanders*, 430 U.S. 99, 109 (1977).

In a recent decision cited in a footnote in the government's brief, the Second Circuit dismissed, for lack of jurisdiction, a class action complaint filed by persons whose disability benefits had been terminated. *Smith v. Schweiker*, 709 F.2d 777 (2d Cir. 1983). The disabled persons argued, *inter alia*, that specific evidence of medical improvement was required before benefits could be terminated. In *Smith*, however, all the named individuals had successfully appealed their terminations and were actually receiving

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change his policy. This case was remanded so that the district court could consider the propriety of class-wide relief and thus avoid "two standards of benefit calculation, one for claimants who seek review by the Appeals Council and one for claimants who do not." 576 F.2d at 19.

the benefits in question at the time of the litigation. Moreover, no constitutional challenge similar to that made by plaintiffs here was raised. While the government may take some comfort from some of the analysis and comments contained in the Second Circuit's opinion, and while the opinion may have the effect of limiting *Jones v. Califano, supra*, to some extent, *Smith* appears unlikely to affect significantly our view of the issues before us.[11]

Although the Secretary may have raised "serious legal questions," she has failed to make a showing of probability of success on the merits. Considered both individually and collectively, the Secretary's arguments do not persuade us that there is a probability that this court will reverse the district court's decision to grant a preliminary injunction.

CONCLUSION

The Secretary has the weaker position on both aspects of the interrelated test governing stays. The balance of hardships tips sharply toward the plaintiffs, even without including the public interest factor, and it is not probable that the Secretary will succeed on the merits of her appeal from the order granting a preliminary injunction. Finally, the public interest strongly supports denial of the stay.

The request for a partial stay is DENIED.

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[11] The Secretary also contends that the district court's preliminary injunction awards retroactive relief to plaintiffs and thus improperly "grants the plaintiffs all the affirmatives relief sought." We disagree. The district court's order does not award any retroactive benefit payments. As the court said, "[i]t would be inappropriate to grant such an award at this juncture . . . because this controversy has not been fully litigated and the plaintiffs have not requested such relief."

PREGERSON, Circuit Judge, concurring.

I concur completely in Judge Reinhardt's opinion. I write separately only to emphasize my concern over the Secretary's avowed policy of nonacquiescence with Ninth Circuit law as enunciated in *Patti v. Schweiker*, 669 F.2d 582 (9th Cir. 1982), and *Finnegan v. Matthews*, 641 F.2d 1340 (9th Cir. 1981). The Secretary's ill-advised policy of refusing to obey the decisional law of this circuit is akin to the repudiated pre-Civil War doctrine of nullification whereby rebellious states refused to recognize certain federal laws within their boundaries. The Secretary's nonacquiescence not only scoffs at the law of this circuit, but flouts some very important principles basic to our American system of government—the rule of law, the doctrine of separation of powers imbedded in the constitution, and the tenet of judicial supremacy laid down in *Marbury v. Madison*, 5 U.S. (1 Cranch) 137 (1803). The government expects its citizens to abide by the law—no less is expected of those charged with the duty to faithfully administer the law.

APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 83-6126

D.C. No. 83-0697-WPG[T]

Central Dist. of California

MARIO LOPEZ, ET AL., PLAINTIFFS-APPELLEES

vs.

MARGARET M. HECKLER, Secretary of Health and Human Services, ET AL., DEFENDANTS-APPELLANTS

[Filed Aug. 18, 1983]

ORDER

Before: Pregerson and Reinhardt, Circuit Judges.

On August 11, 1983, the Secretary of Health and Human Services filed an emergency motion for a partial stay pending appeal from a federal district court order entered June 16, 1983. She also seeks "in any event a temporary stay." F.R. App. P. 8(a); Ninth Circuit R. App. P. 6(h). The standard for evaluating stays pending appeals is similar to that employed by district courts in considering whether to grant a preliminary injunction *See Nevada Airlines,*

Inc. v. Bond, 622 F.2d 1013 (9th Cir. 1980). Consequently, a stay pending appeal is appropriate when there is a strong likelihood of success on the merits and possible irreparable injury, or when serious questions are presented and the balance of hardships tips sharply in the movant's favor. *See Los Angeles Memorial Coliseum Comm'n v. National Football League*, 634 F.2d 1197, 1200 (9th Cir. 1980). "These are not separate tests but the outer reaches 'of a single continuum.' *Benda*, supra, 584 F.2d at 315." *Id.* In cases like the one before us, the public interest also is a factor to be strongly considered. *See Warm Springs Dam Task Force v. Gribble*, 596 F.2d 549, 551 (9th Cir. 1977). Here, success on the merits means success on appeal from the order granting the preliminary injunction rather than success on the merits of the underlying case. "An order issuing or denying preliminary injunction will normally be reversed only if the lower court abused its discretion or based its decision upon erroneous legal premises." *Los Angeles Memorial Coliseum Comm'n*, 634 F.2d at 1200.

The underlying dispute in this case concerns a class action challenge to the procedures used by the Secretary of Health and Human Services for terminating Social Security disability benefits. *See* 42 U.S.C. §§ 401-431. (Social Security Disability Insurance benefits for disabled workers); 42 U.S.C. §§ 1381-1383(c). (Supplemental Security Income disability benefits for persons who are both poor and disabled). The district court's June 13, 1983 order granted plaintiffs' motion for a preliminary injunction. The government seeks a stay pending appeal of the following aspect of that order:

(c) (i) *Within sixty (60) days following the date of this order, the defendants will notify* (a) each class member who had been receiving Supplemental Security Income Disability benefits under 42 U.S.C. § 1382(a)(3)(E), and who was terminated from such benefits after August 25, 1980, and (b) all other persons who have been terminated from either Title II social security disability insurance or Title XVI Supplemental Security Income Disability after August 30, 1981, for the purported reason that his or her disability had ceased, whether or not such person has appealed, that:

> Such person may apply for reinstatement of benefits if he or she believes that his or her medical condition has not improved following the granting of disability benefits.

(ii) Upon receiving such application, the defendants will forthwith reinstate and pay benefits in the monthly amounts such person would have been receiving had his or her benefits not been interrupted.

(iii) Following such reinstatement, if the defendants or their agents or employees conduct a disability investigation or other screening of such person, they will apply the standards set forth in *Patti* v. *Schweiker* and *Finnegan* v. *Matthews* and, if they conclude that such person's medical condition has improved and he or she is no longer disabled, they will identify the evidence relied upon to reach that conclusion.

(iv) Following such review, persons who are notified of an initial determination that their benefits shall cease shall be given an opportunity to contest the determination and pending such

> review, they shall continue to receive aid as provided in current laws and regulations.

(Emphasis added.)

The government argues that a decision is required by Monday, August 15, the sixteenth day after the issuance of the district court's order, and that its motion for a stay must be decided on an emergency basis. We note, however, that while the district court's order was issued on June 16, 1983, the Secretary's motion for a stay was not filed until Thursday, August 11—56 days later, and the moving papers were not received by the judges authorized to act until Friday, August 12. In fact, on Friday we received voluminous materials from the parties that we have not yet had an opportunity to review thoroughly. In light of its characterization of this situation as an "emergency," the government's lack of an explanation for its delay in requesting a stay is disturbing.

Moreover, the only portion of the district court's order that must be implemented by Monday is the requirement that the Secretary notify each qualifying member of plaintiffs' class that "[s]uch a person may apply for reinstatement of" Social Security disability benefits (subparagraph (c)(i) [*sic*]. Thus, the only immediate obligation imposed on the Secretary is that such notifications be made. Neither the bulk of the administrative costs complained of nor the actual reinstatement of benefit payments will begin until the class members complete their applications and submit them to the Secretary. These matters are covered in subsequent portions of the district court's order.

Given the government's apparent delay in filing its motion and the fact that notification is the only

action that must be performed immediately, we find no justification for issuing a stay pending appeal on an emergency basis or issuing a temporary stay.

Almost all of the harms that the government will allegedly suffer derive from the actions it must take once the benefit applications are filed. There is no allegation that the simple requirement that qualified plaintiffs be notified will cause the government either irreparable injury or substantial hardship. On the other hand, the record indicates that plaintiffs' class is likely to suffer substantially from any delay at this stage of the proceedings. That class is largely composed of those who are ill and disabled, and, as the district court noted, "whose resources, health and prospective longevity are, by definition, relatively limited." The district court found "that some who have unexpectedly lost benefits have already suffered deprivation of life's necessities, further illness, or even death from" their disabilities. A delay in the implementation of the district court's order that qualified plaintiffs be notified of their eligibility to reapply for benefits could well result in suffering that would prove to have been totally unjustified should plaintiffs ultimately prevail.

As noted, the principal aim of the government's motion for a stay is to prevent the expenditure of funds that will occur once the benefits applications are received. These expenditures are required as a result of subparagraphs c(ii) (iii) and (iv) of the district court's order. The full motions panel will proceed rapidly to evaluate the merits of the Secretary's motion.

We fully expect to decide, prior to the time when the government must begin to comply with subparagraphs c(ii) (iii) and (iv) of the district court's

order, whether a stay pending appeal is appropriate. In the meantime, in our opinion, the mailing of the notices in compliance with subparagraph c(i) of that order is clearly in the public interest.

We thus decline to act on an emergency basis on the Secretary's request for a stay pending appeal. We will, however, give immediate attention to that request and issue a decision promptly. We deny the request for a temporary stay.

APPENDIX E

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Civil No. 83-0697-WPG(T)

MARIO LOPEZ, ET AL., PLAINTIFFS

v.

MARGARET M. HECKLER, ET AL., DEFENDANTS

[Filed Jun. 16, 1983]

MEMORANDUM OF DECISION

This is a proposed class action against the Secretary of Health and Human Services and the Commissioner of the Social Security Administration, challenging procedures used in terminating Social Security disability benefits.[1] The plaintiffs are

[1] At issue here are two kinds of social security disability benefits. Title II of the Social Security Act established disability insurance benefits for disabled workers, 42 U.S.C. § 401, *et seq.* (SSDI). These benefits are based upon the individual's earnings record and are paid without regard to financial need.

Title XVI of the Social Security Act created Supplemental Security Income Disability benefits for persons who are both poor and disabled, 42 U.S.C. § 1381, *et seq.* (SSI). SSI bene-

twenty assertedly disabled individuals and fourteen organizations, the former bringing suit on behalf of themselves and those similarly situated. Eighteen of the plaintiffs also seek to have the terminations of their individual benefits reversed pursuant to 42 U.S.C. § 405(g). The plaintiffs have filed motions for vacation of reference to the magistrate, class certification and preliminary injunction; the defendants have filed a motion to dismiss for lack of jurisdiction. The defendants' motion is denied and the plaintiffs' motions are granted, as set forth in the terms of the order filed with this memorandum.

Beginning in March 1981, the Social Security Administration (SSA) noticeably accelerated the rate at which it reviews the disability status of those receiving disability benefits. In the calendar year 1980, 185,639 Continuing Disability Investigations (CDIs) were conducted;[2] in the fiscal year 1982, 435,262 CDIs were conducted.[3] It would appear that the acceleration of the review process resulted in a

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fits are paid to eligible poor persons whose income and resources fall below a specified level. Disability recipients whose SSDI benefits are less than the monthly SSI benefit level in a particular state are also eligible to receive partial SSI benefits to supplement their SSDI benefits.

[2] C. Pepper, Impact of the Accelerated Review Process on Cessations and Denials in the Social Security Disability Insurance Program, 97th Cong., 2d Sess. (1982), *reprinted in Social Security Disability Insurance Program: Cessations and Denials: Hearing Before the House Select Committee on Aging*, 97th Cong., 2d Sess. 3 at 10 (1982).

[3] Letter from Paul B. Simmons, Deputy Commissioner for Programs and Policy, Social Security Administration to Senator John Heinz, responding to questions from Senator Heinz submitted on April 12, 1983 (Plaintiff Reply Brief, Exhibit Z).

dramatic increase in terminations. In fiscal year 1982, 195,474 beneficiaries were removed from the disability rolls, as compared with 98,800 terminated in fiscal year 1981.[4]

In two recent opinions, the Court of Appeals of this circuit held that before disability benefits may be terminated for lack of disability, the Secretary must produce evidence showing improvement in the recipient's medical condition. *Patti v. Schweiker*, 669 F.2d 582 (9th Cir. 1982)[5] and *Finnegan v. Matthews*, 641 F.2d 1340 (9th Cir. 1981).[6] The

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[4] *Id.*

[5] In *Patti*, SSI disability benefits were terminated and the plaintiff challenged such termination on the grounds that the decision was not based on substantial evidence, that her procedural rights were abused, and that the termination resulted from illegal use of social security regulations as a substitute for an individualized inquiry into her disability. The Court of Appeals reversed the district court's affirmance of termination, holding that the initial decision that plaintiff was disabled gave rise to a presumption that she still was disabled. 669 F.2d at 587. The court ruled that the Secretary, in terminating a recipient, must " 'meet or rebut' " the presumption with evidence that the recipient's medical condition has improved in the interim. *Id.* This presumption imposes upon the Secretary the burden of coming forward with evidence that a recipient's condition has changed, a burden that had not been met in that case. *Id.*

[6] In *Finnegan*, a recipient of SSI disability benefits under the "grandfather clause" of the Social Security Act challenged his termination. The grandfather clause, 42 U.S.C. § 1382c (a) (3) (E), provides that an individual shall be considered disabled if he is permanently and totally disabled as defined under an approved state plan, had received aid under such plan during a specified time in 1973, and so long as he is continuously disabled as so defined. The Court of Appeals held that the Secretary "may not terminate benefits absent a show-

Secretary has announced that she "does not acquiesce" in these decisions and has issued rulings to her subordinates, including administrative law judges, directing them not to act in accordance with these precedents.[7]

The plaintiffs challenge the constitutionality of the Secretary's policy of nonacquiescence on the grounds that it violates the principles of Separation of Powers and *stare decisis*, as well as the plaintiffs' right to due process. The Government denies that the policy of nonacquiescence is illegal and contends that the effect of the nonacquiescence rulings is merely to preserve the Secretary's right to ask the courts of appeals, and possibly the Supreme Court, to overrule decisions like *Patti* and *Finnegan* in appropriate cases.

This court notes that this litigation involves more than 42 U.S.C. § 405(g) claims and is a class action in which injunctive relief is requested. Since 28 U.S.C. § 636 does not empower magistrates to determine pretrial matters with respect to such actions, and since the parties agree that vacation of refer-

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ing of previous clear and specific error [in the initial determination] or medical improvement which is sufficient to establish that an applicant is no longer 'continuously disabled as so defined.' " 641 F.2d at 1345.

[7] SSR 82-49c states the SSA's nonacquiescence in *Patti v. Schweiker*, 669 F.2d 582 (9th Cir. 1982).

SSR 82-10c states the SSA's nonacquiescence in *Finnegan v. Matthews*, 641 F.2d 1340 (9th Cir. 1981).

SSR 81-6 directs that where the evidence obtained at the time of a continuing disability investigation establishes that the individual is not currently disabled or blind, a finding of cessation is appropriate, irrespective of whether or how much the individual's condition has medically improved since the prior favorable determination.

ence to the magistrate should be granted for the purpose of these motions, the vacation will be ordered.

With respect to the defendants' motion to dismiss for lack of jurisdiction, the court finds that this case fits within the exception to the exhaustion of administrative remedies requirement enunciated in *Weinberger et al. v. Salfi et al.*, 422 U.S. 749 (1975). There, the Supreme Court ruled that the three-judge district court did have jurisdiction to consider a constitutional challenge by some plaintiffs to certain Social Security eligibility requirements. Those plaintiffs had not exhausted the administrative processes by taking their grievances to an administrative law judge or the SSA's Appeals Council. The Court noted that formal exhaustion was not required there because the purposes of exhaustion—to prevent premature interference with agency processes and to provide the agency an opportunity to correct its own errors—had been served, once the Secretary "has satisfied himself that the only issue is the constitutionality of a statutory requirement, a matter which is beyond his jurisdiction to determine . . . ." *Id.* at 765.

The Ninth Circuit Court of Appeals has noted that where a ruling by the Secretary, while "nominally leaving the administrative review process open for claims . . .," in effect makes the result of that process "both pre-ordained and immutable," the *Salfi* exception applies. *Ringer et al v. Schweiker*, 697 F.2d 1291, 1295 (9th Cir. 1982). The court noted that such a ruling "not only makes appeals futile . . . ," but also "indicates that the Secretary believes appeals are worthless to the Agency as well as to the claimant." *Id.* at 1295-6.

Here, in view of the Secretary's attitude, clearly enunciated in her ruling directing administrative law judges and the Appeals Council to ignore *Patti* and *Finnegan*, and not to apply a medical improvement standard in disability termination cases, appeals would indeed be futile. Thus, exhaustion of remedies would serve no useful purpose in this instance. Under the authority of *Salfi*, *supra*, and *Ringer*, *supra*, the defendants' motion to dismiss will be denied.

Regarding the plaintiffs' motions for class certification and for a preliminary injunction, the issues raised are inextricably intertwined with each other and with the merits of the plaintiffs' constitutional challenge. Our Court of Appeals has stated that to obtain a preliminary injunction the moving party must demonstrate "*either* a combination of probable success on the merits and the possibility of irreparable injury, or that serious questions are raised and the balance of hardships tips sharply in the moving party's favor." *Beltran et al. v. Meyers et al.*, 677 Fd 1317, 1320 (9th Cir. 1982) (emphasis in original). The plaintiffs have fulfilled both tests.

As to the first test, they have demonstrated probable success on the merits by making a strong argument that agencies are bound by the laws of the circuit. "It is emphatically the province and duty of the judicial department to say what the law is. Those who apply the rule to particular cases must of necessity expound and interpret that rule." This principle was laid down many years ago by Chief Justice Marshall in the landmark case of *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803). It has generally been accepted and acclaimed ever since, and it is the cornerstone of the doctrine of Separation of Powers that has served our country so well. Thus,

governmental agencies, like all individuals and other entities, are obliged to follow and apply the law as it is interpreted by the courts. The courts of appeals in other circuits categorically have denied the authority of a federal executive body to nonacquiesce in the law enunciated by our courts of appeals. *Allegheny General Hospital v. NLRB*, 608 F.2d 965 (3d Cir. 1979) (holding that a NLRB order predicated on the agency's disagreement with the Court of Appeals' interpretation of a statute is operating outside the law and thus unenforceable); *accord, Ithaca College v. NLRB*, 623 F.2d 224, 228 (2d Cir. 1980) ("as must a district court, an agency is bound to follow the law of the circuit.").

In announcing the policy of nonacquiescence that is challenged here, the Secretary commented that in "many" instances the evidence on which disability was originally allowed "may not be available, or may not even exist." Such a circumstance would, indeed, make it very difficult, perhaps impossible, fully to apply the rule announced by the Court of Appeals in *Patti* and *Finnegan*. If such problems arise, as they occasionally may do, the obligation of the administrative body is to do the best that it can to proceed in harmony with the rule, and infer only such exception as is made by the facts in the particular case. But for the Secretary to make the general assertion that a decision of the Court of Appeals is not to be followed because she disagrees with it is to operate outside the law.

The policy of nonacquiescence announced by the Secretary creates two standards governing claimants whose disability benefits are terminated as a result of such nonacquiescence. If such a claimant has the determination and the financial and physical strength and lives long enough to make it through the ad-

ministrative process, he can turn to the courts and ultimately expect them to apply the law as announced in *Patti* and *Finnegan*. If exhaustion overtakes him and he falls somewhere along the road leading to such ultimate relief, the nonacquiescence and the resulting termination stand. Particularly with respect to the types of individuals here concerned, whose resources, health and prospective longevity are, by definition, relatively limited, such a dual system of law is prejudicial and unfair.

The plaintiffs have fulfilled the second requirement of the first test for preliminary injunction by showing that delay for the litigants creates a strong possibility of irreparable injury. The record shows that some who have unexpectedly lost benefits have already suffered deprivation of life's necessities, further illness, or even death from the very disabilities that the Secretary deemed them not to have. Retroactive relief would be inadequate, and perhaps too late, to ensure that the purpose of Social Security disability benefits, i.e., provision of a minimum standard of living for the poor and disabled, will be served.

As to the second test for preliminary injunction, the plaintiffs' claim that the Secretary's failure to abide by federal appellate precedents denies them due process of law certainly raises serious legal questions. Because many plaintiffs have their sole means of support at stake, the balance of hardships tips sharply in their favor. Thus, under both alternative tests for preliminary injunction, the plaintiffs have demonstrated their right to provisional relief pending the final disposition of this case.

The plaintiffs request certification of both a nationwide class and a Ninth Circuit subclass for the pur-

pose of this injunction. As to the proposed Ninth Circuit class, the plaintiffs define it to be "all persons whose rights and benefits are, have been, or will be denied by defendants' express refusal to follow the judicial precedent" set by the *Patti* and *Finnegan* cases. This court now finds that this group fulfills the requirements for class certification under Federal Rule of Civil Procedure 23(a). Since the defendants estimate that the proposal class will include over 72,000 terminees, not to mention those future terminees who will be protected by the requested injunction, the class is indeed "so numerous that joinder of all members is impracticable." The common constitutional challenge to the policy of nonacquiescence is a legal claim shared by all class members. The class representatives' claims are typical of those of the class since they stem from the same course of conduct, again the nonacquiescence, and pose the same constitutional challenge thereto. The representatives are adequate because they have no interests antagonistic to the class members and seek the identical relief sought for the class. Moreover, counsel for these representatives are able and experienced in protecting the interests of the poor.

The proposed Ninth Circuit class also fulfills the requirement of Federal Rule of Civil Procedure 23 (b)(2). Final injunctive relief is appropriate with respect to the class as a whole because the Secretary has acted on grounds generally applicable to the class, i.e., her alleged authority to nonacquiesce in *Patti* and *Finnegan*. Thus the proposed class action will be adjudged maintainable, pursuant to Rule 23 (c)(1).

In light of the foregoing, this court certifies a class of plaintiffs who live within this circuit, consisting of SSI and SSDI recipients who have been or will be considered for termination after August 30, 1981,[8] and SSI recipients under the "grandfather clause" of the Social Security Act who have been or will be considered for termination after August 25, 1980,[9] and excluding those who have been or will be terminated due to reasons unrelated to current disability or medical improvement (e.g., actual return to work or improvement in financial condition).

While sympathetic with plaintiffs' challenge to the Secretary's nonacquiescence policy, this court declines to certify a nationwide class and issue an injunction in gross. This court is unfamiliar with the nature and extent of the Secretary's interference by nonacquiescence with federal appellate precedent in other circuits. Courts in those circuits will be better equipped to preserve the law as announced by their respective courts of appeals than is this court.

All members of the class here established have a right to the protection of the law of this circuit. The injunction to be issued will permit restoration of

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[8] This date represents the date on which *Patti* became final (i.e., the date upon which the Court of Appeals denied rehearing and rehearing *en banc* (June 30, 1982) plus sixty days, the time during which the Secretary could have sought review of the decision (August 30, 1982)), minus one year (August 30, 1981). The one year is subtracted because the Secretary has authority, for any reason, to reopen cases up to one year after administrative decisions become final. 20 C.F.R. §§ 404.988, 416.1488.

[9] This date represents the date on which *Finnegan* became final (August 25, 1981) minus one year (August 25, 1980).

benefits,[10] subject to termination proceedings that will follow the requirements of the law.

DATED: June 16, 1983.

/s/ William P. Gray
WILLIAM P. GRAY
United States District Judge

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[10] This court is mindful that the provisional remedy prescribed in the accompanying order does not restore the class members to the *status quo* existing before termination. To do so would require an award to each class member of those benefits not received by virtue of the Secretary's failure to terminate them in accordance with the law of this circuit. It would be inappropriate to grant such an award at this juncture, however, because this controversy has not been fully litigated and the plaintiffs have not requested such relief.

APPENDIX F

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Civil No. 83-0697-WPG(T)

MARIO LOPEZ, ET AL., PLAINTIFFS

v.

MARGARET M. HECKLER, ET AL., DEFENDANTS

[Filed Jun. 16, 1983]

ORDER

Pursuant to the Memorandum of Decision filed this date,

IT IS ORDERED THAT:

1. The reference to the magistrate of the matters concerned in this order is vacated.

2. The defendants' motion to dismiss for want of jurisdiction is denied.

3. The plaintiffs' motion for certification of a Ninth Circuit class is granted, and such class shall consist of all persons who live within this circuit, who (a) receive or received Supplemental Security Income Disability benefits or social security disability insurance benefits and have been or will be considered for termination after August 30, 1981, or (b) receive or received Supplemental Security In-

come Disability benefits under the "grandfather clause" of the Social Security Act and have been or will be considered for termination after August 25, 1980. This class does not include those who have been or will be terminated due to reasons unrelated to current disability or medical improvement (e.g., actual return to work or improvement in financial condition).

The plaintiffs' motion for certification of a nationwide class is denied.

4. The plaintiff's motion for a preliminary injunction is granted as follows:

The defendants, their agents and employees are enjoined and restrained within the Ninth Circuit:

(a) From failing to follow, implement or accord precedential effect to *Finnegan v. Matthews*, 641 F.2d 1340 (9th Cir. 1981) and *Patti v. Schweiker*, 669 F.2d 582 (9th Cir. 1982), copies of which are contained in Exhibits A and B, attached hereto.

(b) From implementing the nonacquiescence policy contained in Social Security Rulings Nos. 82-10c, 82-49c and 81-6, attached hereto, Exhibits A, B and C.

(c) In order to accomplish appropriate restoration of disability benefits pending resolution of this action, the court orders the defendants to implement the following procedure:

> (i) Within sixty (60) days following the date of this order, the defendants will notify (a) each class member who had been receiving Supplemental Security Income Disability benefits under 42 U.S.C. § 1382c(a)(3)(E), and who was terminated from such benefits after August 25, 1980, and (b) all other persons who have been terminated from either Title II social secu-

rity disability insurance of Title XVI Supplemental Security Income Disability after August 30, 1981, for the purported reason that his or her disability had ceased, whether or not such person has appealed, that:

> Such person may apply for reinstatement of benefits if he or she believes that his or her medical condition has not improved following the granting of disability benefits.

(ii) Upon receiving such application, the defendants will forthwith reinstate and pay benefits in the monthly amounts such person would have been receiving had his or her benefits not been interrupted.

(iii) Following such reinstatement, if the defendants or their agents or employees conduct a disability investigation or other screening of such person, they will apply the standards set forth in *Patti v. Schweiker* and *Finnegan v. Matthews* and, if they conclude that such person's medical condition has improved and he or she is no longer disabled, they will identify the evidence relied upon to reach that conclusion.

(iv) Following such review, persons who are notified of an initial determination that their benefits shall cease shall be given an opportunity to contest the determination and pending such review, they shall continue to receive aid as provided in current laws and regulations.

DATED: June 16, 1983.

/s/ William P. Gray
WILLIAM P. GRAY
United States District Judge

EXHIBIT A

SECTION 1614(a)(3)(E) (42 U.S.C. 1382c(a)(3)(E) SUPPLEMENTAL SECURITY INCOME—CONTINUANCE OR CESSATION OF A GRANDFATHEREE'S DISABILITY—A RULING OF NON-ACQUIESCENCE

20 CFR 416.994(e) SSR 82-10c

Finnegan v. Matthews, 641 F.2d 1330 (1981)

The Social Security Administration (SSA) does not acquiesce in the court's decision.

The claimant, who had been receiving State disability welfare payments since 1972, was grandfathered into the Supplemental Security Income (SSI) program on January 1, 1974. Section 1614(a)(3)(E) of the Social Security Act (the Act) provides for the continued payment of SSI benefits to a grandfatheree who "is permanently and totally disabled as defined under a State plan . . . so long as he is continuously disabled as so defined." Following a continuing disability investigation, SSA determined that the claimant's SSI benefits would terminate because he did not meet the requirements for entitlement at the time of the continuing disability investigation. This determination was affirmed by the district court.

The court of appeals, however, reversed SSA's determination. It found that SSI disability benefits to a grandfatheree may not be terminated unless SSA shows that there was either a material improvement in the grandfatheree's medical condition or a clear and specific error in the prior State determination. Because neither of those conditions was shown by

SSA to be met, the court held that SSA's termination of the claimant's SSI benefits was improper.

SSA believes that the court's standard for determining whether SSI disability benefits to a grandfatheree should terminate would be impossible to administer and that the correct standard for making such a determination is in 20 CFR 416.994(e); i.e., that disability of a grandfatheree terminates when his or her "disability as shown by current medical or other evidence does not meet the criteria of the appropriate State plan" and does not meet the Federal criteria. Many grandfatherees were on State disability rolls for years before conversion, and the evidence on which they were originally allowed may not be available, or may not even exist. Therefore, in those cases, SSA could not possibly prove either "material improvement" or "clear and specific error" in the prior State determination. Thus, under 20 CFR 416.994(e) the grandfatheree properly remains in SSI benefit status only until it is found that the grandfatheree's disability, as shown by current medical or other evidence, meets neither the State nor Federal definition of disability. SSA believes that this regulation is fully consistent with the requirements of section 1614(a)(3)(E) of the Act and with congressional intent.

Consequently, SSA *holds* that the standard in 20 CFR 416.994(e), and not the one set forth by the court, should apply in determining whether the disability of a title XVI grandfatheree has ceased.

[The court of appeals' opinion in *Finnegan v. Mathews* is appended to the ruling but is not reproduced here].

EXHIBIT B

SECTION 1614(a)(3)(A) (42 U.S.C. 1382c(a)(3)(A)) SUPPLEMENTAL SECURITY INCOME —CONTINUANCE OR CESSATION OF A NON-GRANDFATHEREE'S DISABILITY—A RULING OF NONACQUIESCENCE

20 CFR 416.994 SSR 82-49c

Patti v. Schweiker, 9th Circuit, Civ. No. 80-5763 (2/18/82)

The Social Security Administration (SSA) does not acquiesce in the court's decision.

The claimant had been receiving supplemental security income (SSI) benefits as a disabled individual since 1976. In December 1977, SSA informed the claimant that her disability had ceased. After a hearing in March 1978, this determination was reversed by an administrative law judge (ALJ) and the claimant's benefits were continued. SSA then informed the claimant that her disability had ceased in April 1979, and that determination was affirmed by the district court.

The Court of Appeals, however, reversed SSA's determination. The court found that the determination of disability in 1978 gave rise to a presumption at the hearing in 1979 that the claimant was still disabled. While the opinion acknowledges that this presumption does not shift the burden of proof and the claimant still has the burden of proving her case, the court found that the presumption imposes on the Secretary the burden of going forward with evidence that the claimant's condition has medically improved or otherwise changed. Finding that there was essen-

tially no evidence to support a conclusion that the claimant's condition had changed, the court held that SSA's determination that the claimant's disability had ceased was not supported by substantial evidence.

In essence, the court has concluded that SSA must show that an SSI recipient's condition has improved or otherwise changed before it can determine that the recipient's disability has ceased. SSA disagrees with the court's conclusion that medical improvement or other change is required in these cases.

Regardless of whether medical improvement or other change is or is not shown, under 20 CFR 416.994(b)(1), a determination of cessation is appropriate for an SSI *nongrandfatheree* if the recipient is not disabled under the Federal criteria, i.e., current medical or other evidence shows that the recipient is able to engage in substantial gainful activity.[4]

Since the claimant in *Patti* is an SSI grandfatheree, SSA determined that her disability ceased in April 1979 because it found, on the basis of current medical evidence, that she was capable of engaging in substantial gainful activity (i.e., she does not meet the Federal definition of disability).

As noted above, under 20 CFR 416.994(b)(1), issued in August 1980, SSA is not required to show medical improvement or other change in order to terminate SSI disability benefits. However, the final administrative decision in *Patti* was issued prior to August 1980 so that the court's decision in *Patti* was based on an administrative decision involving regulations no longer in effect. Moreover, the Court of Ap-

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[4] A showing of medical improvement or other change is also not required in cessation cases involving an SSI grandfatheree (see SSR 82.100 [*sic*] (Jan. 1982)).

peals in *Patti* did not even address either the August 1980 regulations or the earlier regulations governing when disability ceases. For these reasons (and since there are other Court of Appeals decisions which do not require a showing of improvement to terminate disability benefits), we believe that *Patti* does not provide a judicial interpretation of the disability regulations which should be followed.

Consequently, SSA *holds* that, even if current medical or other evidence does not show "medical improvement" or other change, the disability of a non-grandfathered SSI recipient is subject to cessation if such evidence shows that the recipient is able to engage in substantial gainful activity (i.e., the recipient does not meet the Federal definition of disability).

[The court of appeals' opinion in *Patti v. Schweiker*, is appended to the ruling but is not reproduced here].

EXHIBIT C

Continuance or Cessation

(Previously Published as PPS-54) SSR 81-6

TITLES II AND XVI: CONTINUANCE OR CESSATION OF DISABILITY OR BLINDNESS

PURPOSE: To state the policy of determining whether disability of blindness under titles II and XVI continues or ceases.

CITATIONS (AUTHORITY): Sections 221 and 1631 of the Social Security Act, Regulations No. 4, sections 404.1579, 404.1586 and 404.1594, Regulations No. 16, section 416.994.

PERTINENT HISTORY: Under operating guides which have been in effect for approximately 3 years, disability or blindness is found to have ceased when current evidence shows that the individual does not meet the definition of disability or blindness under which his or her claim was allowed, it is not necessary to show that the individual's medical condition has "improved" since the prior determination. However, prior regulations had been interpreted by some to mean that before cessation of disability or blindness could be found, there must have been a positive showing of medical improvement. Such an interpretation precluded a finding of cessation in cases where current evidence showed that the individual was not disabled or blind, but it could not be shown that actual "improvement" had taken place. The regulations have now been revised to clarify this issue.

POLICY STATEMENT: Where the evidence obtained at the time of a continuing disability investigation (CDI) establishes that the individual is not currently disabled or blind, a finding of cessation is appropriate. It will not be necessary to determine whether or how much the individual's condition has medically improved since the prior favorable determination.

EFFECTIVE DATE: Final regulations covering this policy were effective August 20, 1980, the date of publication in the Federal Register (45 FR 55566).

CROSS-REFERENCES: Program Operations Manual System section 2864; Claims Manual Section 6700ff; Disability Operating Manual section 500ff.

APPENDIX G

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Civil No. 83-697-WPG(T)

MARIO LOPEZ, ET AL., PLAINTIFFS

vs.

MARGARET M. HECKLER, ET AL., DEFENDANTS

[Filed Jul. 27, 1983]

MEMORANDUM OF DECISION

On June 16, 1983, following a hearing, this court entered an order directing, among other things, that certain people that had been terminated from receiving social security disability benefits might apply for reinstatement of those benefits, and that the defendants would be obliged to resume payment to all people so applying, pending further investigation or screening by the defendants in accordance with such order. On July 13, 1983, a further hearing took place. The court then took under submission the question of whether the defendants should be entitled to recoup such interim payments, made pursuant to the order of June 16, 1983, if, as a result of the subsequent investigation and screening, it is ultimately

determined, under standards directed by the court, that the medical condition of the individual concerned had improved as of the time of prior termination of benefits.

The court now concludes that such recoupment would be justified, subject to the qualification that no such recoupment shall be made from ". . . any person who is without fault if such adjustment or recovery would . . . be against equity and good conscience." 42 U.S.C. § 404(b).

The action of the court in ordering reinstatement stemmed from the conclusion that the defendants had been terminating benefits without giving adequate consideration to the requirement that evidence be produced showing improvement in the recipient's medical condition. Thus, the court has required that the defendants "take another look" at the case of each person that applies for reconsideration and make a new determination based upon medical evidence. If the further review fails to establish evidence that the claimant's medical condition had or has improved, his reestablished benefits will continue and the interim payments will prove to have been justified. On the other hand, if the subsequent finding is that medical evidence was produced at the earlier hearing that would negative continued disability, the conclusion follows that the earlier termination of benefits was justified. Under such circumstances, the interim payments ordered by the court would have constituted an unjustified windfall to the claimant.

The principle is well established that a person who receives money to which he ultimately is determined not to be entitled, must make restitution accordingly. This principle has been applied with respect to social security claimants that have received interim payments pursuant to court injunction. *White v. Ma-*

thews, 559 F.2d 852 (2d Cir. 1977); *Barnett v. Califano*, 580 F.2d 28 (2d Cir. 1978).

The motive of this court in ordering reinstatement of benefits for all who applied was to prevent further hardship to those that may have been wrongfully terminated. This was done even in the acknowledged awareness that payments would be resumed to some who would not be entitled thereto because of medical improvement in their health. As the opinion in *Barnett* asserted, one of the justifications for ordering interim payments under these circumstances is the assumption that recoupment may be had if the claimant is ultimately found not to have been eligible.

The plaintiffs point out that, under S.S.R. 82-66, the defendant's policy is not to impose a retroactive cessation of benefits ". . . against beneficiaries who, during the retroactive period, believed in good faith that their disability continued." In implementing that policy, the Commissioner of Social Security causes cessation of payments to coincide with the month in which the claimant is notified of such proposed cessation. The plaintiffs argue that, inasmuch as the process resulting in a decision to terminate benefits was flawed, the notice of cessation should be considered a nullity. Thus, under the defendant's own policies, the benefits should be resumed for all who apply until appropriately conducted proceedings result in a new determination of cessation.

However, the above mentioned policy of not imposing retroactive cessation has several exceptions designed to share such policy with equitable considerations. For example, retroactive cessation would be applicable where a claimant's treating physician had informed him that he had the capacity to return to work, or the claimant actually had returned to work

successfully, or the claimant failed to cooperate by furnishing relevant evidence or failed to appear for examination.

Under the circumstances here concerned, all applicants for resumption of benefit payments will know that the defendants previously have concluded that their benefits should cease. They know also that the justification for such action depends upon whether or not their medical conditions had improved. I find no inequity in causing potential claimants to understand that they may be obliged to repay the interim benefits ordered by this court if subsequent proceedings establish that their medical condition had improved at the time of the earlier cessation. Those who are in good faith can make their own assessments of the available evidence and determine for themselves the likelihood of their being called upon to make reimbursement of the interim payments that they receive. Those who are aware that their medical conditions had substantially improved should be discouraged from seeking a windfall by receiving benefits that they know that they do not deserve but can nonetheless be retained.

In coming to the decision here announced, this court relies, as did Judge Feinberg in *Barnett v. Califano*, 580 F.2d 28, 33 (2d Cir. 1978), upon the fact that the Secretary, in considering the matter of recoupment of overpayment, has the right to avoid penalizing a recipient ". . . who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would . . . be against equity or good conscience."

DATED: July 27, 1983.

/s/ William P. Gray
WILLIAM P. GRAY
United States District Judge

APPENDIX H

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Civil No. 83-697-WPG(T)

MARIO LOPEZ, ET AL., PLAINTIFFS

vs.

MARGARET M. HECKLER, ET AL., DEFENDANTS

[Filed Aug. 4, 1983]

AMENDMENTS TO MEMORANDUM OF DECISION AND ORDER OF June 16, 1983

Defendants' Motion to Modify and Clarify the Court's Order of June 16, 1983, was considered at a hearing on July 13, 1983. The Memorandum of Decision and the Order of June 16, 1983, are hereby modified as follows:

(1) Substitute the following paragraph for the paragraph beginning at line 18 of page 8 of the Memorandum of Decision:

> In light of the foregoing, this court certifies a class of plaintiffs who live within this circuit,

consisting of SSI and SSDI recipients who have been or will be considered for termination after August 30, 1981,[8] and SSI recipients under the "grandfather clause" of the Social Security Act who have been or will be considered for termination after August 25, 1980,[9] such consideration being or having been for the asserted reason that the claimant's disability had ceased.

(2) Substitute the following paragraph for the paragraph beginning at line 23 of page 1 of the Order:

> The plaintiffs' motion for certification of a Ninth Circuit class is granted, and such class shall consist of all persons who live within this circuit, who (a) receive or received Supplemental Security Income disability benefits or Social Security disability insurance benefits and have been or will be considered for termination after August 30, 1981, or (b) receive or received Supplemental Security Income disability benefits under the "grandfather clause" of the Social Security Act, 42 U.S.C. § 1382c(a)(3)(E), and have been or will be considered for termination after August 25, 1980, such consideration being or having been for the asserted reason that the claimant's disability had ceased.

(3) Substitute the following texts for footnotes 8 and 9 on page 12 of the Memorandum of Decision:

> [8] This date represents the date upon which the Court of Appeals denied rehearing and rehearing *en banc* in *Patti* (June 30, 1982) plus sixty days, and minus one year (August 30, 1981). The sixty-day figure represents a compromise between the positions of the parties

with respect to the date upon which *Patti* became final. The Government contends that *Patti* became final at the end of the ninety-day period following the denial of rehearing, during which time the Government could have sought a writ of certiorari from the Supreme Court. 28 U.S.C. § 2101(c). The plaintiffs point out that, generally, the mandate of the Court of Appeals can be stayed for only thirty days. FRAP 41 (b).

The one year is subtracted because the Secretary has authority, for any reason, to reopen cases up to one year after administrative decisions become final. 20 C.F.R. §§ 404.988, 416.1488.

[9] Following the rationale of note 8, *infra*, this date represents the date upon which the Court of Appeals denied rehearing in *Finnegan* (June 25, 1981), plus sixty days and minus one year (August 25, 1980).

DATED: August 4, 1983.

/s/ William P. Gray
WILLIAM P. GRAY
United States District Judge

APPENDIX I

STATUTORY AND REGULATORY PROVISIONS INVOLVED

A. *Provisions of the Judicial Code Involved*

1. 28 U.S.C. (Supp. V) 1331 provides:

Federal question

The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.

2. 28 U.S.C. 1361 provides:

Action to compel an officer of the United States to perform his duty

The district courts shall have original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff.

B. *Provisions of the Social Security Act Involved*

1. Section 205(a), (b), (g) and (h) of the Social Security Act, as codified at 42 U.S.C. (& Supp. V) 405(a), (b), (g) and (h) provide:

Evidence, procedure and certification for payments

(a) Rules and regulations; procedures

The Secretary shall have full power and authority to make rules and regulations and to es-

tablish procedures, not inconsistent with the provisions of this subchapter, which are necessary or appropriate to carry out such provisions, and shall adopt reasonable and proper rules and regulations to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits hereunder.

(b) Administrative determination of entitlement to benefits statement; findings of fact; hearings; investigations

The Secretary is directed to make findings of fact, and decisions as to the rights of any individual applying for a payment under this subchapter. Any such decision by the Secretary which involves a determination of disability and which is in whole or in part unfavorable to such individual shall contain a statement of the case, in understandable language, setting forth a discussion of the evidence, and stating the Secretary's determination and the reason or reasons upon which it is based. Upon request by any such individual or upon request by a wife, divorced wife, widow, surviving divorced wife, surviving divorced mother, husband, widower, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Secretary has rendered, he shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and such decision. Any such request

with respect to such a decision must be filed within sixty days after notice of such decision is received by the individual making such request. The Secretary is further authorized, on his own motion, to hold such hearings and to conduct such investigations and other proceedings as he may deem necessary or proper for the administration of this subchapter. In the course of any hearing, investigation, or other proceeding, he may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Secretary even though inadmissible under rules of evidence applicable to court procedure.

* * * * *

(g) Judicial review

Any individual, after any final decision of the Secretary made after a hearing to which he was a party, irrespective of the amount in controversy, may obtain a review of such decision by a civil action commenced within sixty days after the mailing to him of notice of such decision or within such further time as the Secretary may allow. Such action shall be brought in the district court of the United States for the judicial district in which the plaintiff resides, or has his principal place of business, or, if he does not reside or have his principal place of business within any such judicial district, in the United States District Court for the District of Columbia. As part of his answer the Secretary shall file a certified copy of the transcript of the record including the evidence upon which the findings and decision complained of are based. The

court shall have power to enter, upon the pleadings and transcript of the record, a judgment affirming, modifying, or reversing the decision of the Secretary, with or without remanding the cause for a rehearing. The findings of the Secretary as to any fact, if supported by substantial evidence, shall be conclusive, and where a claim has been denied by the Secretary or a decision is rendered under subsection (b) of this section which is adverse to an individual who was a party to the hearing before the Secretary, because of failure of the claimant or such individual to submit proof in conformity with any regulation prescribed under subsection (a) of this section, the court shall review only the question of conformity with such regulations and the validity of such regulations. The court may, on motion of the Secretary made for good cause shown before he files his answer, remand the case to the Secretary for further action by the Secretary, and it may at any time order additional evidence to be taken before the Secretary, but only upon a showing that there is new evidence which is material and that there is good cause for the failure to incorporate such evidence into the record in a prior proceeding; and the Secretary shall, after the case is remanded, and after hearing such additional evidence if so ordered, modify or affirm his findings of fact or its decision, or both, and shall file with the court any such additional and modified findings of fact and decision, and a transcript of the additional record and testimony upon which his action in modifying or affirming was based. Such additional or modified findings of fact and deci-

sion shall be reviewable only to the extent provided for review of the original findings of fact and decision. The judgment of the court shall be final except that it shall be subject to review in the same manner as a judgment in other civil actions. Any action instituted in accordance with this subsection shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office.

(h) Finality of Secretary's decision

The findings and decisions of the Secretary after a hearing shall be binding upon all individuals who were parties to such hearing. No findings of fact or decision of the Secretary shall be reviewed by any person, tribunal, or governmental agency except as herein provided. No action against the United States, the Secretary, or any officer or employee thereof shall be brought under sections 1331 or 1346 of title 28 to recover on any claim arising under this subchapter.

2. Sections 221(a) and (d) of the Social Security Act, as codified at 42 U.S.C. (Supp. V) 421(a) and (d), provide:

Disability determinations

(a) State agencies

(1) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 416(i) or 423(d) of this title) and of the day such disability began, and the determination of the day on which such disability ceases, shall be made by a State agency, notwithstanding any other provision of

law, in any State that notifies the Secretary in writing that it wishes to make such disability determinations commencing with such month as the Secretary and the State agree upon, but only if (A) the Secretary has not found, under subsection (b)(1) of this section, that the State agency has substantially failed to make disability determinations in accordance with the applicable provisions of this section or rules issued thereunder, and (B) the State has not notified the Secretary, under subsection (b)(2) of this section, that it does not wish to make such determinations. If the Secretary once makes the finding described in clause (A) of the preceding sentence, or the State gives the notice referred to in clause (B) of such sentence, the Secretary may thereafter determine whether (and, if so, beginning with which month and under what conditions) the State may again make disability determinations under this paragraph.

(2) The disability determinations described in paragraph (1) made by a State agency shall be made in accordance with the pertinent provisions of this subchapter and the standards and criteria contained in regulations or other written guidelines of the Secretary pertaining to matters such as disability determinations, the class or classes of individuals with respect to which a State may make disability determinations (if it does not wish to do so with respect to all individuals in the State), and the conditions under which it may choose not to make all such determinations. In addition, the Secretary shall promulgate regulations specifying, in such detail as he deems appropriate, performance

standards and administrative requirements and procedures to be followed in performing the disability determination function in order to assure effective and uniform administration of the disability insurance program throughout the United States. The regulations may, for example, specify matters such as—

(A) the administrative structure and the relationship between various units of the State agency responsible for disability determinations.

(B) the physical location of and relationship among agency staff units, and other individuals or organizations performing tasks for the State agency, and standards for the availability to applicants and beneficiaries of facilities for making disability determinations.

(C) State agency performance criteria, including the rate of accuracy of decisions, the time periods within which determinations must be made, the procedures for and the scope of review by the Secretary, and, as he finds appropriate, by the State, of its performance in individual cases and in classes of cases, and rules governing access of appropriate Federal officials to State offices and to State records relating to its administration of the disability determination function,

(D) fiscal control procedures that the State agency may be required to adopt, and

(E) the submission of reports and other data, in such form and at such time as the Secretary may require, concerning the

State agency's activities relating to the disability determination.

Nothing in this section shall be construed to authorize the Secretary to take any action except pursuant to law or to regulations promulgated pursuant to law.

* * * * *

(d) Hearings and judicial review

Any individual dissatisfied with any determination under subsection (a), (b), (c), or (g) of this section shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 405(b) of this title with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 405(g) of this title.

* * * * *

3. Sections 1631(c) and(d)(1) of the Social Security Act, as codified at 42 U.S.C. (& Supp. V) 1383(c) and (d)(1), provide:

Procedure for payment of benefits

* * * * *

(c) Hearing to determine eligibility or amount of benefits; time within which to request hearing; time for determinations of Secretary pursuant to hearing; judicial review

(1) The Secretary is directed to make findings of fact, and decisions as to the rights of any individual applying for payment under this subchapter. Any such decision by the Secretary which involves a determination of disability and which is in whole or in part unfavorable to such

individual shall contain a statement of the case, in understandable language, setting forth a discussion of the evidence, and stating the Secretary's determination and the reason or reasons upon which it is based. The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible individual or eligible spouse and is in disagreement with any determination under this subchapter with respect to eligibility of such individual for benefits, or the amount of such individual's benefits, if such individual requests a hearing on the matter in disagreement within sixty days after notice of such determination is received, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing affirm, modify, or reverse his findings of fact and such decision. The Secretary is further authorized, on his own motion, to hold such hearings and to conduct such investigations and other proceedings as he may deem necessary or proper for the administration of this subchapter. In the course of any hearing, investigation, or other proceeding, he may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Secretary even though inadmissible under the rules of evidence applicable to court procedure.

(2) Determination on the basis of such hearing, except to the extent that the matter in disagreement involves a disability (within the meaning of section 1382c(a)(3) of this title), shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 405(g) of this title to the same extent as the Secretary's final determinations under section 405 of this title.

(d) Procedures applicable; prohibition on assignment of payments; representation of claimants; maximum fees; penalties for violations

(1) The provisions of section 407 of this title and subsections (a), (d), (e), and (f) of section 405 of this title shall apply with respect to this part to the same extent as they apply in the case of subchapter II of this chapter.

* * * * *

C. *Regulatory Provisions Involved*

Part 400, Subpart J, of Title 20 of the Code of Federal Regulation provides in pertinent part:

Subpart J—Determinations, Administrative Review Process, and Reopening of Determinations and Decisions

* * * * *

INTRODUCTION, DEFINITIONS, AND INITIAL DETERMINATIONS

§ 404.900 Introduction.

(a) *Explanation of the administrative review process.* This subpart explains the procedures we follow in determining your rights under title

II of the Social Security Act. The regulations describe the process of administrative review and explain your right to judicial review after you have taken all the necessary administrative steps. The administrative review process consists of several steps, which usually must be requested within certain time periods and in the following order:

(1) *Initial determination.* This is a determination we make about your entitlement or your continuing entitlement to benefits or about any other matter, as discussed in § 404.902, that gives you a right to further review.

(2) *Reconsideration.* If you are dissatisfied with an initial determination, you may ask us to reconsider it. Generally, you must request a reconsideration before you may request a hearing.

(3) *Hearing.* If you are dissatisfied with the reconsideration determination, you may request a hearing before an administrative law judge.

(4) *Appeals Council review.* If you are dissatisfied with the decision of the administrative law judge, you may request that the Appeals Council review the decision.

(5) *Federal court review.* When you have completed the steps of the administrative review process listed in paragraphs (a)(1) through (a)(4) of this section, we will have made our final decision. If you are dissatisfied with our final decision, you may request judicial review by filing an action in a Federal district court.

(6) *Expedited appeals process.* At some time after your initial determination has been reviewed, if you have no dispute with our findings of fact and our application and interpretation of the controlling laws, but you believe that a part of the law is unconstitutional, you may use the expedited appeals process. This process permits you to go directly to a Federal district court so that the constitutional issue may be resolved.

(b) *Nature of the Administrative review process.* In making a determination or decision in your case, we conduct the administrative review process in an informal, nonadversary manner. In each step of the review process, you may present any information you feel is helpful to your case. We will consider it and all the information in our records. You may present the information yourself or have someone represent you, including an attorney. If you are dissatisfied with our decision in the review process, but do not take the next step within the stated time period, you will lose your right to further administrative review and your right to judicial review, unless you can show us that there was good cause for your failure to make a timely request for review.

* * * * *

§ 404.902 Administrative actions that are initial determinations.

Initial determinations are the determinations we make that are subject to administrative and judicial review. The initial determination will

state the important facts and give the reasons for our conclusions. In the old age, disability, dependents' and survivors' insurance programs, initial determinations include, but are not limited to, determinations about—

(a) Your entitlement or your continuing entitlement to benefits;

* * * * *

§ 404.903 Administrative actions that are not initial determinations.

Administrative actions that are not initial determinations may be reviewed by us, but they are not subject to the administrative review process provided by this subpart, and they are not subject to judicial review. These actions include, but are not limited to, an action—

* * * * *

(j) Denying your request to extend the time period for requesting review of a determination or a decision;

* * * * *

(l) Denying your request to reopen a determination or a decision; * * *

* * * * *

§ 404.904 Notice of the initial determination.

We shall mail a written notice of the initial determination to you at your last known address. The reasons for the initial determination and the effect of the initial determination will be stated in the notice. The notice also informs you of the right to a reconsideration or to a hearing. We will not mail a notice if the beneficiary's entitle-

ment to benefits has ended because of his or her death.

§ 404.905 Effect of an initial determination.

An initial determination is binding unless you request a reconsideration or a hearing, as appropriate, within the stated time period, or we revise the initial determination.

RECONSIDERATION

§ 404.907 Reconsideration—general.

Reconsideration is the first step in the administrative review process that we provide if you are dissatisfied with the initial determination. However, if the initial determination is that your blindness or disability has ceased due to medical reasons, and you have a right to a hearing on the same issue in connection with a claim for supplemental security income benefits, your first step is to request a hearing right after the initial determination. If you are dissatisfied with our reconsidered determination, you may request a hearing.

§ 404.908 Parties to a reconsideration.

(a) *Who may request a reconsideration.* If you are dissatisfied with the initial determination, you may request that we reconsider it. In addition, a person who shows in writing that his or her rights may be adversely affected by the initial determination may request a reconsideration.

* * * * *

§ 404.909 How to request reconsideration.

(a) We shall reconsider an initial determination if you or any other party to the reconsideration files a written request—

(1) Within 60 days after the date you receive notice of the initial determination (or within the extended time period if we extend the time as provided in paragraph (b) of this section);

* * * * *

(b) *Extension of time to request a reconsideration.* If you want a reconsideration of the initial determination but do not request one in time, you may ask us for more time to request a reconsideration. Your request for an extension of time must be in writing and must give the reasons why the request for reconsideration was not filed within the stated time period. If you show us that you had good cause for missing the deadline, we will extend the time period. To determine whether good cause exists, we use the standards explained in § 404.911.

§ 404.911 Good cause for missing the deadline to request review.

(a) In determining whether you have shown that you had good cause for missing a deadline to request review we consider—

(1) What circumstances kept you from making the request on time;

(2) Whether our action misled you;

(3) Whether you did not understand the requirements of the Act resulting from amendments to the Act, other legislation, or court decisions.

(b) Examples of circumstances where good cause may exist include, but are not limited to, the following situations:

(1) You were seriously ill and were prevented from contacting us in person, in writing, or through a friend, relative, or other person.

(2) There was a death or serious illness in your immediate family.

(3) Important records were destroyed or damaged by fire or other accidental cause.

(4) You were trying very hard to find necessary information to support your claim but did not find the information within the stated time periods.

(5) You asked us for additional information explaining our action within the time limit, and within 60 days of receiving the explanation you requested reconsideration or a hearing, or within 30 days of receiving the explanation you requested Appeal Council review or filed a civil suit.

(6) We gave you incorrect or incomplete information about when and how to request administrative review or to file a civil suit.

(7) You did not receive notice of the determination or decision.

(8) You sent the request to another Government agency in good faith within the time limit and the request did not reach us until after the time period had expired.

(9) Unusual or unavoidable circumstances exist which show that you could not have known of the need to file timely, or which prevented you from filing timely.

* * * * *

§ 404.918 Reconsidered determination.

After you or another person requests a reconsideration, we shall review the evidence considered in making the initial determination and any other evidence we receive. We shall make our determination based on this evidence.

§ 404.920. Effect of a reconsidered determination.

The reconsidered determination is binding unless—

(a) You or any other party to the reconsideration requests a hearing within the stated time period and a decision is made;

(b) The expedited appeals process is used; or

(c) The reconsidered determination is revised.

§ 404.921 Notice of a reconsidered determination.

We shall mail a written notice of the reconsidered determination to the parties at their last known address. We shall state the specific reasons for the determination and tell you and any other parties of the right to a hearing. If it is appropriate, we will also tell you and any other parties how to use the expedited appeals process.

* * * * *

HEARINGS

* * * * *

§ 404.930 Availability of a hearing.

(a) You may request a hearing if we have made—

(1) A reconsidered determination;

(2) A revised determination of an initial or reconsidered determination;

(3) An initial determination that your blindness or disability has ceased due to medical reasons, and you have a right to a hearing on the same issue in connection with a claim for supplemental security income benefits; or

(4) A revised decision based on evidence not included in the record on which the prior decision was based.

(b) We will hold a hearing only if you or another party to the hearing file a written request for a hearing.

§ 404.932 Parties to a hearing.

(a) *Who may request a hearing.* You may request a hearing if a hearing is available under § 404.930. In addition, a person who shows in writing that his or her rights may be adversely affected by the decision may request a hearing.

* * * * *

§ 404.933 How to request a hearing.

(a) *Written request.* You may request a hearing by filing a written request. You should include in your request—

(1) The name and social security number of the wage earner;

(2) The reasons you disagree with the previous determination or decision;

(3) A statement of additional evidence to be submitted and the date you will submit it; and

(4) The name and address of any designated representative.

(b) *When and where to file.* The request must be filed—

(1) Within 60 days after the date you receive notice of the previous determination or decision (or within the extended time period if we extend the time as provided in paragraph (c) of this section);

* * * * *

(c) *Extension of time to request a hearing.* If you have a right to a hearing but do not request one in time, you may ask for more time to make your request. The request for an extension of time must be in writing and it must give the reasons why the request for a hearing was not filed within the stated time period. You may file your request for an extension of time at one of our offices. If you show that you had good cause for missing the deadline, the time period will be extended. To determine whether good cause exists, we use the standards explained in § 409.911.

* * * * *

§ 404.955 The effect of the administrative law judge's decision.

The decision of the administrative law judge is binding on all parties to the hearing unless—

(a) You or another party request a review of the decision by the Appeals Council within the stated time period, and the Appeals Council reviews your case;

(b) You or another party requests a review of the decision by the Appeals Council within the stated time period, the Appeals Council denies your request for review, and you seek judicial review of your case by filing an action in a Federal district court;

(c) The decision is revised by an administrative law judge or the Appeals Council under the procedures explained in § 404.987;

(d) The expedited appeals process is used; or

(e) The division is a recommended decision directed to the Appeals Council.

APPEALS COUNCIL REVIEW

§ 404.967 Appeals Council review—general.

If you or any other party is dissatisfied with the hearing decision or with the dismissal of a hearing request, you may request that the Appeals Council review that action. The Appeals Council may deny or dismiss the request for review, or it may grant the request and either issue a decision or remand the case to an administrative law judge. The Appeals Council shall notify the parties at their last known address of the action it takes.

§ 404.968 How to request Appeals Council review.

(a) *Time and place to request Appeals Council review.* You may request Appeals Council review by filing a written request. Any documents or other evidence you wish to have considered by the Appeals Council should be submitted with your request for review. You may file your request—

(1) Within 60 days after the date you receive notice of the hearing decision or dismissal (or within the extended time period if we extend the time as provided in paragraph (b) of this section);

* * * * *

(b) *Extension of time to request review.* You or any party to a hearing decision may ask that the time for filing a request for the review be extended. The request for an extension of time must be in writing. It must be filed with the Appeals Council, and it must give the reasons why the request for review was not filed within the stated time period. If you show that you had good cause for missing the deadline, the time period will be extended. To determine whether good cause exists, we use the standards explained in § 404.911.

* * * * *

§ 404.981 Effect of Appeals Council's decision or denial of review.

The Appeals Council may deny a party's request for review or it may decide to review a case and make a decision. The Appeals Council's decision, or the decision of the administrative law judge if the request for review is denied, is binding unless you or another party file an action in Federal district court, or the decision is revised. You may file an action in a Federal district court within 60 days after the date you receive notice of the Appeals Council's action.

§ 404.982 Extension of time to file action in Federal district court.

Any party to the Appeals Council's decision or denial of review, or to an expedited appeals

process agreement, may request that the time for filing an action in a Federal district court be extended. The request must be in writing and it must give the reasons why the action was not filed within the stated time period. The request must be filed with the Appeals Council, or if it concerns an expedited appeals process agreement, with one of our offices. If you show that you had good cause for missing the deadline, the time period will be extended. To determine whether good cause exists, we use the standards explained in § 404.911.

* * * * *

REOPENING AND REVISING DETERMINATIONS AND DECISIONS

§ 404.987 Reopening and revising determinations and decisions.

(a) *General.* Generally, if you are dissatisfied with a determination or decision made in the administrative review process, but do not request further review within the stated time period, you lose your right to further review. However, a determination or a decision made in your case may be reopened and revised. After we reopen your case, we may revise the earlier determination or decision.

(b) *Procedure for reopening and revision.* You may ask that a determination or a decision to which you were a party be revised. The conditions under which we will reopen a previous determination or decision are explained in § 404.988.

§ 404.988 Conditions for reopening.

A determination, revised determination, decision, or revised decision may be reopened—

(a) Within 12 months of the date of the notice of the initial determination, for any reason;

(b) Within four years of the date of the notice of the initial determination if we find good cause, as defined in § 404.989, to reopen the case; * * *

§ 404.989 Good cause for reopening.

(a) We will find that there is good cause to reopen a determination or decision if—

* * * * *

(1) New and material evidence is furnished;

(2) A clerical error in the computation or recomputation of benefits was made; or

(3) The evidence that was considered in making the determination or decision clearly shows on its face that an error was made.

(b) We will not find good cause to reopen your case if the only reason for reopening is a change of legal interpretation or administrative ruling upon which the determination or decision was made.

* * * * *

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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1984

No. 84-115

MARGARET M. HECKLER, SECRETARY OF HEALTH AND HUMAN SERVICES, PETITIONER

v.

MARIO LOPEZ, et al., RESPONDENTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

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TABLE OF CONTENTS

	PAGE
TABLE OF CONTENTS	i
TABLE OF AUTHORITIES	ii
INTRODUCTION	1
I. IN LIGHT OF THE SECRETARY'S PURPOSEFUL DISREGARD OF JUDICIAL PRECEDENT, CONGRESS ENACTED THE SOCIAL SECURITY DISABILITY REFORM ACT OF 1984 AND AUTHORIZED RELIEF FOR CLASS MEMBERS WHETHER OR NOT THEY HAD COMPLIED WITH THE PROCEDURAL REQUISITES OF SECTION 405(g).	2
A. Background of this Litigation	2
B. The 1984 Social Security Disability Reform Legislation	5
II. BECAUSE CONGRESS SPECIFICALLY PROVIDED THAT MEMBERS OF THE CLASS CERTIFIED BELOW OBTAIN INTERIM RELIEF AND REVIEW UNDER THE MEDICAL IMPROVEMENT STANDARD, THUS ELIMINATING THE ONLY BASIS FOR THE SECRETARY'S PETITION FOR CERTIORARI, THE PETITION SHOULD BE DENIED. . . .	8
CONCLUSION	10

TABLE OF AUTHORITIES

Page

CITES

Byron v. Heckler, No. 84-1046 (10th Cir. Aug. 10, 1984) 3

Cassidy v. Schweiker, 663 F.2d 745, 749 (7th Cir. 1981) 3

Cook v. Hudson, 429 U.S. 165; 97 S.Ct. 543 (1976) 9

DeLeon v. Secretary, 734 F.2d 930, 937 (2nd Cir. 1984) 2

Dotson v. Schweiker, 719 F.2d 80, 82 (4th Cir. 1983) 3

Finnegan v. Mathews, 641 F.2d 1340 (9th Cir. 1981) 2

Freeman v. Heckler, No. 83-7277 (11th Cir. 1984) 3

Hall v. Celebreeze, 314 F.2d 686, 688 (6th Cir. 1963) 3

Hayes v. Secretary, 656 F.2d 204, 206 (6th Cir. 1981) 3

Haynes v. Secretary of HHS, 734 F.2d 284, 288 (6th Cir. 1984) 3

Iida v. Heckler, 705 F.2d 353, 365 (9th Cir. 1983) 2

Kuzmin v. Schweiker, 714 F.2d 1233, 1237 (3rd Cir. 1983) 2

Lee v. Heckler, 737 F.2d 768 (8th Cir. 1984) 3

Lopez v. Heckler, 725 F.2d 1489 (9th Cir. 1984) 4

Mathews v. Eldridge, 429 U.S. 319, 328 n. 9 (1976) 4

Miranda v. Secretary of HEW, 514 F.2d 996, 998 (1st Cir. 1975) 2

Murray v. Heckler, 722 F.2d 499, 501 (9th Cir. 1983) 2

Parente v. Heckler, 735 F.2d 743, 744 (2nd Cir. 1984) 2

Patti v. Schweiker, 669 F.2d 582 (9th Cir. 1982) 2

Perry v. Heckler, 722 F.2d 461, 464 (9th Cir. 1983) 2

Page

Rice v. Sioux City Memorial Park Cemetary, 349 U.S. 70; 75 S.Ct. 614 (1955) 9

Rivas v. Weinberger, 475 F.2d 255, 258 (5th Cir. 1973) 3

Rush v. Heckler, 738 F.2d 909, 915 (8th Cir. 1984) 3

Sanks v. Georgia, 401 U.S. 144, 151 (1971) 8

Simpson v. Schweiker, 691 F.2d 966, 969 (11th Cir. 1982) 3

Triangle Improvement Council v. Ritchie, 402 U.S. 497; 91 S.Ct. 1650 (1971) 9

Trujillo v. Heckler, 569 F. Supp. 631, 635 (D. Colorado 1983)] 3

United States v. Mendoza, 104 S.Ct. 568 (1984) . . . 4

Van Natter v. Secretary, No. 79-1439 (10th Cir. January 8, 1981) 3

Weber v. Harris, 640 F.2d 176, 178 (8th Cir. 1981) 3

Weinberger v. Salfi, 422 U.S. 749, 763-64 (1975) . . 4

STATUTES

The Social Security Disability Benefits Reform Act of 1984, Pub. L. No. 98-460, 98 Stat. 1794, et. seq. 1, 5

42 U.S.C. § 405(g) 1

OTHER AUTHORITIES

130 Cong. Rec. S 11452 (daily ed. Sept. 19, 1984) . . 5

The Joint Explanatory Statement of the Committee of Conference for H.R. 3755 7

Conference Report, 130 Cong. Rec. H. 9828 (daily ed. Sept. 19, 1984) 6

IN THE

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OCTOBER TERM, 1984

No. 84-115

MARGARET M. HECKLER, SECRETARY OF
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v.

MARIO LOPEZ, et al., RESPONDENTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE
NINTH CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

The respondents, Mario Lopez, et al., respectfully request that this Court deny the petition for writ of certiorari seeking review of the Ninth Circuit's opinion in this case. That opinion is reported at 725 F.2d 1489.

INTRODUCTION

The Social Security Disability Benefits Reform Act of 1984, Pub. L. No. 98-460, 98 Stat. 1794, et. seq., (hereinafter "1984 legislation"), signed by the President on October 9, 1984, disposes of the only question presented by the Secretary's petition for a writ of certiorari: whether certain members of the class certified by the district court should be barred from receiving interim relief as a result of having failed to comply with the sixty-day limitation period of Section 205(g) of the Social Security Act (42 U.S.C. § 405(g)). See Petition, 29. The 1984 legislation specifically directs that interim relief be afforded to all

members of classes certified on or before September 19, 1984, challenging their terminations on the grounds that their conditions had not improved since previous findings of disability. Since all Respondents plainly meet this requirement, the narrow issue on which the Secretary sought review has been rendered moot.*

I.

IN LIGHT OF THE SECRETARY'S PURPOSEFUL DISREGARD OF JUDICIAL PRECEDENT, CONGRESS ENACTED THE SOCIAL SECURITY DISABILITY BENEFITS REFORM ACT OF 1984 AND AUTHORIZED RELIEF FOR CLASS MEMBERS WHETHER OR NOT THEY HAD COMPLIED WITH THE PROCEDURAL REQUISITES OF SECTION 405(g).

A. Background of this Litigation.

The Ninth Circuit Court of Appeals issued two decisions holding that the Social Security Administration could not lawfully terminate disability benefits to persons whom it had previously found to be disabled without making an initial showing that their conditions had improved: Finnegan v. Mathews, 641 F.2d 1340 (9th Cir. 1981) and Patti v. Schweiker, 669 F.2d 582 (9th Cir. 1982).[1]

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*The underlying case, however, is by no means moot. Infra, n. 5.

[1]This "medical improvement standard" has been adopted over the Secretary's objections by eleven circuits. See, Iida v. Heckler, 705 F.2d 353, 365 (9th Cir. 1983); Perry v. Heckler, 722 F.2d 461, 464 (9th Cir. 1983); Murray v. Heckler, 722 F.2d 499, 501 (9th Cir. 1983); Miranda v. Secretary of HEW, 514 F.2d 996, 998 (1st Cir. 1975); DeLeon v. Secretary, 734 F.2d 930, 937 (2nd Cir. 1984); Parente v. Heckler, 735 F.2d 743, 744 (2nd Cir. 1984); Kuzmin v. Schweiker, 714 F.2d 1233, 1237 (3rd Cir. 1983) ("the presumption of a continuing disability... imposes on the Secretary... the burden of going forward with evidence to

(Footnote Continued)

The Secretary sought review of neither of those decisions. Instead, she issued "rulings of nonacquiescence" in which she directed the agency and administrative law judges to refuse to follow the law as set forth in these unappealed circuit court precedents. See, Appendix to Petition for Writ of Certiorari, pp. 87a - 91a.

This action was filed alleging that the Secretary's policy of nonacquiescence was unconstitutional and seeking suitable injunctive relief against that policy on behalf of those unlawfully injured or threatened by it. The district court agreed and issued a preliminary injunction enjoining the Secretary from implementing the nonacquiescence rulings directed at Patti and Finnegan. Paragraphs 4(a) and 4(b) of of Order, Appendix p. 85a. The Secretary did not request a stay of, or review as to, these portions of the district court's order. Petition, pp. 11, 29.

To arrest the ongoing irreparable harm resulting from unlawful disability terminations, the district court further ordered that the Secretary notify class members that they could apply for reinstatement and interim benefits if they believed their medical condition had not improved. The Secretary was required to review such claimants under the Ninth Circuit's medical improvement standard and, in the

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(Footnote Continued)
meet or rebut the presumption."); Dotson v. Schweiker, 719 F.2d 80, 82 (4th Cir. 1983); Rivas v. Weinberger, 475 F.2d 255, 258 (5th Cir. 1973); Hall v. Celebreeze, 314 F.2d 686, 688 (6th Cir. 1963); Hayes v. Secretary, 656 F.2d 204, 206 (6th Cir. 1981); Haynes v. Secretary of HHS, 734 F.2d 284, 288 (6th Cir. 1984); Cassidy v. Schweiker, 663 F.2d 745, 749 (7th Cir. 1981); Lee v. Heckler, 737 F.2d 768 (8th Cir. 1984); Rush v. Heckler, 738 F.2d 909, 915 (8th Cir. 1984); Weber v. Harris, 640 F.2d 176, 178 (8th Cir. 1981); Byron v. Heckler, No. 84-1046 (10th Cir. Aug. 10, 1984); Van Natter v. Secretary, No. 79-1439 (10th Cir. January 8, 1981) (Not for Routine Publication) [cited as controlling in the class action decision of Trujillo v. Heckler, 569 F. Supp. 631, 635 (D. Colorado 1983)]; Simpson v. Schweiker, 691 F.2d 966, 969 (11th Cir. 1982); and Freeman v. Heckler, No. 83-7277 (11th Cir. 1984).

interim, to reinstate their disability benefits prospectively. Appendix 86a.[2] On appeal, the Ninth Circuit Court of Appeals substantially affirmed, although it limited the scope of the preliminary relief. Lopez v. Heckler, 725 F. 2d 1489 (9th Cir. 1984).

The Secretary has petitioned this Court to grant certiorari and limit the preliminary injunction only to those class members who received adverse administrative decisions less than sixty days before this action was filed, or had administrative actions seeking review of their terminations still pending within that sixty day period. Petition at 29.

The Secretary's petition envisioned enforcing the sixty-day limitations period as a jurisdictional bar (a) notwithstanding this court's rulings in Weinberger v. Salfi, 422 U.S. 749, 763-64 (1975), and Mathews v. Eldridge, 429 U.S. 319, 328 n. 9 (1976), that the sixty-day period is not jurisdictional; (b) notwithstanding the fact that this suit sought judicial review not of individual benefit terminations, but of the nonacquiescence policy as such;[3]

---

[2]It is noteworthy that the order did not include retroactive reinstatement as of the date of unlawful termination, but only from the date of the class member's application for reinstatement.

[3]Unless the class seeking such review includes the claimants for whom the sixty-day time limit has run, it is strongly arguable that no enforceable order could be entered invalidating the policy of nonacquiescence as such. For any individual district court plaintiff, the argument may be made that nonacquiescence is no longer a continuing harm, since it is a policy which taints the administrative process, but not review in the district court, which must follow circuit court precedent. An individual or class invoking such precedent in the district court will be met either by individual acquiescence or else by good faith relitigation of such precedent under this Court's ruling in United States v. Mendoza, 104 S.Ct. 568 (1984), holding that the government is not bound by the doctrine of non-mutual collateral estoppel. In either event, the Secretary would remain free to continue her policy of nonacquiescence as to all other cases, since no injunction would have been entered
(Footnote Continued)

and (c) notwithstanding the fact that the individuals deprived of benefits under the challenged nonacquiescc policy had never been notified, personally or through a official publication, of the existence of that policy.

B. The 1984 Social Security Disability Reform Legislation.

Parallel to the developments in this suit, Congre has been deeply concerned with the hardship caused by the administration of the disability program. Senator Dole described the 1984 legislation as "representing the culmin tion of more than 2 years of congressional deliberation." 130 Cong. Rec. S 11452 (daily ed. Sept. 19, 1984). Noting that over the past three years, nearly half a million persons had been terminated from the disability rolls, whil of those who appealed, "some 60 percent had benefits reinstated," Senator Dole concluded that it was obvious that "people were removed from the rolls who should not have been." Id. at 11453. Representative Rostenkowski stated, in urging approval of the Reform Act, that:

> [T]he situation that this bill corrects is only too well known to every Member of this Chamber:

(Footnote Continued)
against nonacquiescence itself. It is only by including in the class persons whose relief is dependent upon a challenge to nonacquiescence as such that the federal judiciary may effectively review the due process and separation-of-powers issues that wholesale, circuit-wide nonacquiescence presents. The only persons who clearly fit that description in this case are those as to whom the sixty-day limit has passed. It was those plaintiffs who were peculiarly and demonstrably injured by the Secretary's nonacquiescence policy -- a policy of which they received no nctification whatever, and which lulled them into allowing the sixty-day limit to pass. Thus, for this Court to adopt the government's position, either directly or by implication, would have resulted not only in the denial of relief for certain class members, but also in banishment from the federal courts of all claims against nonacquiescence.

> Hundreds of thousands of beneficiaries have lost their benefits, thousands of appeals are clogging our Federal court dockets, 29 States have refused to follow the Administration's instructions for termination of benefits, and 200 Federal courts all over the country have threatened the Secretary of Health and Human Services with contempt of court citations for refusing to pay benefits when ordered. 130 Congress. Rec. H 9834 (daily ed. Sept. 19, 1984).

Responding to these concerns, Congress has authorized -- indeed mandated -- the relief plaintiffs were provisionally awarded below. In an effort to rectify the Secretary's defiance of judicial precedent, and to ease the disruption caused by her unlawful policies, Congress fashioned a medical improvement standard for determining disability which is similar to the one announced by every Court of Appeals which has considered the issue. Under the new law, a recipient whose disability benefits case is reviewed may be determined not to be entitled to disability benefits only if that finding is supported by: (1) substantial evidence that there has been medical improvement in the individual's impairment and that he is now able to engage in substantial gainful activity; (2) new medical evidence and a new assessment of the individual's residual functional capacity demonstrating that although the condition has not improved medically, he has undergone vocational therapy or is the beneficiary of advances in medical or vocational therapy or technology and is now able to engage in substantial gainful activity; (3) substantial evidence based on new or improved diagnostic techniques demonstrating that the individual's impairment is not as disabling as it previously was considered to be and that he

is now able to engage in substantial gainful activity; or (4) substantial evidence that the prior determination of disability was in error. [Section 2 of the 1984 Act, Public Law 98-460]

Congress provided that this standard shall apply to cases pending administrative review, and individual cases pending judicial review. [Section 2(d)(2)] Most significantly, Congress directed that the new standard also be applied to any unnamed member of a pending class action relating to medical improvement if the class was certified on or before September 19, 1984, and if the individual class members' benefits had been terminated on the ground that his impairment had ceased or was not disabling. [Section 2(d)(3)] Congress directed that the court shall remand such recipients' cases to the Secretary who then must notify the individual class member by certified mail that he may request that his case be reviewed under the new medical improvement standard. Class members are entitled to request payment of interim benefits pending the initial redetermination. [Section 2(e)][4] These uniquely devised provisions dispose of the Secretary's petition for certiorari because they permit unnamed class members to have their cases reviewed under the new statutory standards, and to receive interim payments, whether or not they have

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[4]The Joint Explanatory Statement of the Committee of Conference for H.R. 3755 described this provision as follows:

> The medical improvement standard in these amendments will only apply to:
>
> ...
>
> (v) unnamed plaintiffs in class action suits certified as of September 19, 1984, as follows: the cases shall be remanded to the Secretary; the Secretary shall notify all plaintiffs via certified mail that they have 120 days from the date of receiving the notice to file a request with the Secretary for review under these amendments.

Conference Report at 27, 130 Cong. Rec. H. 9828 (daily ed. Sept. 19, 1984).

exhausted their administrative remedies or satisfied the time limits of Section 405(g). See remarks of Sen. Dole, 130 Cong. Rec. S 11454 (daily ed. Sept. 19, 1984).

II.

BECAUSE CONGRESS SPECIFICALLY PROVIDED THAT MEMBERS OF THE CLASS CERTIFIED BELOW OBTAIN INTERIM RELIEF AND REVIEW UNDER THE MEDICAL IMPROVEMENT STANDARD, THUS ELIMINATING THE ONLY BASIS FOR THE SECRETARY'S PETITION FOR CERTIORARI, THE PETITION SHOULD BE DENIED.

The Secretary has petitioned this Court to review only that aspect of the Ninth Circuit's decision authorizing interim relief to class members whose claims had become, in the Secretary's opinion, administratively final because of failure to seek review within sixty days of a notice of termination or subsequent administrative determination. See Petition at 29. Since Congress has spoken on this question, directing that members of classes certified on or before September 19, 1984, receive relief substantially similar to that ordered by the district court in this action, the petition for certiorari should be denied.[5]

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[5]However, while the "jurisdictional" grounds urged by the government in this Court (and which comprised the sole basis for appeal in the Ninth Circuit) have been disposed of in the 1984 legislation, the underlying case has not been mooted. See Sanks v. Georgia, 401 U.S. 144, 151 (1971)(appeal dismissed because intervening statutory change, while not necessarily rendering case moot, makes case inappropriate for review). A number of substantial issues remain in this case which should first be addressed by the courts below. The only matter pending before this Court is review of a preliminary injunction. No final judgment has been entered, and no final resolution of substantive matters left untouched by Congress has occurred. The legitimacy of the Secretary's nonacquiescence policy, an

(Footnote Continued)

Even after full argument -- on occasion even after decision -- this Court has dismissed a petition for certiorari as improvidently granted because of an intervening change in the governing statute. Triangle Improvement Council v. Ritchie, 402 U.S. 497, 91 S.Ct. 1650 (1971); Rice v. Sioux City Memorial Park Cemetary, 349 U.S. 70, 75 S.Ct. 614 (1955); Cook v. Hudson, 429 U.S. 165, 97 S.Ct. 543 (1976). Instantly, where a petition for certiorari has not yet been granted, and an intervening statute directly addresses the only issue raised, denial of the petition is appropriate.

If the Court should consider granting the petition solely for the purpose of vacating the decision of the Ninth Circuit -- a step Respondents consider unnecessary -- the appropriate mandate would be to remand to the Ninth Circuit with directions to proceed in light of the intervening statute. The suggestion of the Secretary in Heckler v. Kuehner, No. 83-1593 (supplemental brief for petitioners in Heckler v. Kuehner, p. 10), that the court remand directly to the Secretary, would be wholly inappropriate in the case at bar, where substantial issues respecting the Secretary's nonacquiescence policy and implementation of the 1984 legislation remain. See, n. 5, supra.

(Footnote Continued)
issue presented here, but not in Heckler v. Kuehner, No. 83-1593, is pending below. Significant issues must also be addressed with respect to the court's oversight of the Secretary's implementation of the new legislation to class members. For instance, the court will have to resolve disputes on whether an individual falls within the terms of the class definition. Moreover, the Secretary no longer has current addresses for many class members terminated years ago, and the district court will have to approve procedures which appropriately protect the right to notice for these individuals. Issues remain as well with respect to those class members for whom this Court denied the Secretary's application for a stay and who may be entitled to relief beyond that recently authorized by Congress.

To say that the cases of various class members "must be remanded by the appropriate court to the Secretary," (Ibid., emphasis added), is not to say that this Court is "the appropriate court" to discharge any such mission after suitable consideration of how the statute impinges on the class action brought below or how the enactment of that statute affects the award of preliminary relief affirmed by the circuit court in this case. There is simply no basis in the action taken by Congress, in the complex legislative history of that action, or in the past practices of this Court, for the Solicitor General's extraordinary suggestion that the Supreme Court should itself undertake in the first instance the potentially time-consuming task of sorting out the tangled issues, both theoretical and practical, posed by the Secretary's treatment of various class members and by her unusual conduct of this still unfinished litigation in the lower courts. Nor is there any conceivable basis for the even more remarkable notion that this Court might properly short-circuit all of these complexities by ignoring such issues and itself directing a remand of the entire case to the Secretary herself.[6]

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[6]Should the Secretary request such mandate, Respondents assume they will be granted an opportunity to address the issue more fully. Kuehner and the case at bar differ in many respects, and they should not be inadvertently treated as a single case.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be denied.

DATED: October 30, 1984

Respectfully submitted,

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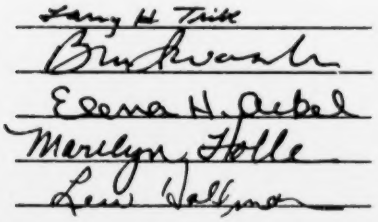

CERTIFICATE OF SERVICE PURSUANT TO

SUPREME COURT RULE 28.5(b)

I am a member of the Bar of the United States Supreme Court, am one of the attorneys representing the individual plaintiffs below and the respondents herein in Docket No. 84-115, and I have filed a notice of appearance in this matter in connection with the respondents' opposition to petitioner's application for stay pending filing of petition for certiorari. I served the respondent herein by placing the following in a United States mail box, with next-day (express mail) first-class postage prepaid, the following documents:

One copy of the application for leave to proceed in forma pauperis with supporting affidavits and declarations

Three copies of respondents' brief in opposition to the petition for certiorari

addressed to counsel of record as follows

The Hon. Rex E. Lee
Solicitor General
Department of Justice
Washington, D.C. 20530

on this 29th day of October, 1984. I swear under penalty of perjury that the foregoing is true and correct. Executed this 29th day of October, 1984, in the County of Los Angeles, State of California.

Marilyn Holle

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No. 84-115

In the Supreme Court of the United States

OCTOBER TERM, 1984

MARGARET M. HECKLER, SECRETARY OF HEALTH AND HUMAN SERVICES, PETITIONER

v.

MARIO LOPEZ, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

REPLY BRIEF FOR THE PETITIONER

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TABLE OF AUTHORITIES

Cases: Page

Califano v. *Sanders*, 430 U.S. 99 4
Finnegan v. *Matthews*, 641 F.2d 1340 ..... 2, 5, 6
Heckler v. *Ringer*, No. 82-1772 (May 14, 1984) 4
Mathews v. *Eldridge*, 424 U.S. 319 5
Patti v. *Schweiker*, 669 F.2d 582 ..... 2, 3, 5, 6
United States v. *Mendoza*, No. 82-849 (Jan. 10, 1984) 6
United States v. *Munsingwear, Inc.*, 340 U.S. 36 5
Weinberger v. *Salfi*, 422 U.S. 749 5

Statutes:

Social Security Act, Tit. II, 42 U.S.C. 401 *et seq.* 2
§ 205(g), 42 U.S.C. 405(g) 4
§ 223(f), 42 U.S.C. 423(f) 3
§ 223(f)(2), 42 U.S.C. 423(f)(2) 3
Social Security Act, Tit. XIV, 42 U.S.C. 1381 *et seq.* 2
§ 1614(a)(5) (42 U.S.C. 1382c(a)) 3
§ 1614(a)(5)(B) (42 U.S.C. 1382c(a)) 3
§ 1614(a)(5)(C) (42 U.S.C. 1382c(a)) 3
Social Security Disability Benefits Reform Act of 1984, Pub. L. No. 98-460, 98 Stat. 1794 *et seq.* 1
§ 2, 98 Stat. 1794 2
§ 2(a), 98 Stat. 1794 3
§ 2(c), 98 Stat. 1796 3
§ 2(d), 98 Stat. 1797 ..... 1-2, 3, 8
§ 2(d)(2)(C), 98 Stat. 1797 8
§ 2(d)(3), 98 Stat. 1798 8

Miscellaneous:

130 Cong. Rec. (daily ed. Sept. 19, 1984):
p. H. 9831 6
pp. S11454-S11455 6
S. Rep. 98-466, 98th Cong., 2d Sess. (1984) 6

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The Solicitor General, on behalf of the Secretary of Health and Human Services, files this brief in reply to several arguments made by respondents in their brief in opposition, including the effect on this case of the Social Security Disability Benefits Reform Act of 1984, Pub. L. No. 98-460, 98 Stat. 1794 *et seq.*

This case is for present purposes identical to *Heckler* v. *Kuehner*, No. 83-1593. On November 5, 1984, the Court granted the petition for a writ of certiorari filed on behalf of the Secretary in *Kuehner*, vacated the judgment of the court of appeals in that case, and remanded with instructions for the district court to remand the cases of the named and unnamed class members to the Secretary in accordance with the requirements of Section

2(d) of the 1984 Act. We respectfully submit that the Court should enter a similar order in this case.

A.

1. Respondents filed this class action on February 4, 1983 to challenge the evidentiary standards utilized by the Secretary in determining whether a recipient of disability benefits under Title II or Title XVI of the Social Security Act (42 U.S.C. 401 *et seq.*, 1381 *et seq.*) continues to be entitled to receive benefits. They contended that the prior finding that an individual was disabled gives rise to a presumption that he is still disabled and that the Secretary may not terminate the payment of disability benefits to an individual unless she establishes that the individual's medical condition has improved. Respondents argued that the Secretary was required to adopt this "medical improvement" standard under two decisions of the Ninth Circuit, *Finnegan* v. *Matthews*, 641 F.2d 1340 (1981), and *Patti* v. *Schweiker*, 669 F.2d 582 (1982). See generally Pet. 7-14. In the petition for a writ of certiorari, we sought review of the court of appeals' holding that the district court could exercise jurisdiction over the claims of class members who received adverse administrative decisions more than 60 days before this suit was filed but who did not seek further administrative or judicial review of those decisions within the 60 days allowed under the Act and implementing regulations. See Pet. I, 3, 15-29.

2. As we explain in our supplemental brief in *Heckler* v. *Kuehner* (at 3-5),[1] in Section 2 of the Social Security Disability Benefits Reform Act of 1984, Congress addressed and resolved the controversy surrounding the "medical improvement" issue by adopting detailed stand-

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[1] We have furnished counsel for respondents with a copy of our supplemental brief in *Kuehner*.

ards for the termination of disability benefits.[2] In addition, as respondents concede (Br. in Opp. 7), Congress provided in Section 2(d) of the 1984 Act that the cases of all named and unnamed class members in a certified class action "relating to medical improvement" must be remanded to the Secretary, who will then provide an opportunity for those cases to be reopened and reviewed under the new statutory standards. See *Kuehner* Supp. Br. 5-10. This Court implemented that statutory remand requirement in *Kuehner* by ordering that the cases of

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[2] Respondents' provocative assertion (Br. in Opp. 6) that Congress acted to "rectify" the Secretary's "defiance" of judicial precedent by adopting statutory standards that essentially codify the holdings of various courts of appeals on the medical improvement issue is plainly wrong for three reasons. First, Congress in fact declined to enact a requirement that the Secretary "acquiesce" in the decisions of the courts of appeals. See note 4, *infra*. Second, the legislative history of the 1984 Act shows that Congress recognized that the Social Security Act previously did not impose special standards for continuing disability reviews. See *Kuehner* Supp. Br. 3 n.1.

Third, the standards Congress prescribed in the 1984 Act differ in a number of material respects from the medical improvement standard fashioned by the courts of appeals under prior law. For example, although a number of courts of appeals (including the Ninth Circuit in *Patti*) had held that a recipient was entitled to a presumption of continuing disability (see *Kuehner* Supp. Br. 4 n.2), Congress rejected such a presumption in the 1984 Act. Congress instead provided that a determination of continuing eligibility shall be made "on a neutral basis" and "without any initial inference as to the presence or absence of disability being drawn from the fact that the individual has previously been found to be disabled." See Sections 223(f) and 1614(a)(5) of the Social Security Act, as added by Sections 2(a) and (c) of the 1984 Act; *Kuehner* Supp. Br. 5, 4a, 7a. Moreover, Congress specified several exceptions —which were not recognized in many of the court of appeals decisions—in which the Secretary may terminate benefits even in the absence of substantial evidence of medical improvement in the individual's impairment. Sections 223(f)(2)-(3) and 1614(a)(5)(B)-(C) of the Social Security Act, as added by Sections 2(a) and (c) of the 1984 Act. See *Kuehner* Supp. Br. 4-5, 2a-3a, 5a-6a.

individual class members be remanded to the Secretary. Because this class action also is one "relating to medical improvement," the Court should enter a similar order in this case.

B.

Several other arguments made by respondents in the brief in opposition also warrants a short reply.

1. Respondents contend (Br. in Opp. 1, 8-9, 11) that the petition for a writ of certiorari seeking review of the court of appeals' jurisdictional holding should be denied because Congress has now provided the special statutory remand procedure for the class members in this case without regard to whether they have satisfied the exhaustion and 60-day time limit requirements under 42 U.S.C. 405(g). The respondents in *Kuehner* argued that certiorari should be denied for the same reason (*Kuehner* Resp. Supp. Br. 5, 10, 13, 14), but the Court rejected that argument and instead granted the Secretary's petition for a writ of certiorari and vacated the judgment of the court of appeals. There is no reason for a different disposition here.

As we explain in the petition (Pet. 15-29), the decision of the court of appeals in this case—which requires the reopening of thousands of administrative decisions that the claimants had allowed to become final and binding by not seeking further review within 60 days—is flatly inconsistent with the text of 42 U.S.C. 405(g), implementing regulations of the Secretary, and this Court's unanimous decision in *Califano* v. *Sanders*, 430 U.S. 99 (1977). Indeed, the Court already has twice granted a stay as to these class members. *Heckler* v. *Lopez*, No. A-145 (Sept. 9 and Oct. 11, 1983); *Heckler* v. *Lopez*, No. A-707 (Apr. 30, 1984).[3] Moreover, the legislative

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[3] Similarly, the court of appeals' decision dispensing with the exhaustion requirement cannot be reconciled with this Court's decisions in *Heckler* v. *Ringer*, No. 82-1772 (May 14, 1984);

history of the 1984 Act makes clear that the special remand procedure creates a limited statutory exception to the exhaustion and time limit requirements that otherwise would apply and that Congress enacted this special procedure only in order to terminate the disruptive class action litigation on the "medical improvement" issue. See *Kuehner* Supp. Br. 7-8 & nn. 7, 8. There should be no suggestion that the court of appeals' decision, which flouts the rulings of this Court, might be precedent for permitting a court to ignore the 60-day limitation in 42 U.S.C. 405(g) where Congress has not enacted a special exception. See *United States* v. *Munsingwear, Inc.*, 340 U.S. 36, 39-41 (1950).

2. Respondents contend (Br. in Opp. 8-9 n.5) that further litigation is required in district court in this case with regard to "substantive matters" other than the medical improvement issue. But the only such "substantive matter" they identify is whether it was permissible for the Secretary not to "acquiesce" in the Ninth Circuit's decisions in *Finnegan* and *Patti* with regard to the evidentiary standards to be applied in reviewing the continuing eligibility of individuals receiving disabilty benefits. That issue has been rendered moot by the 1984 Act, because Congress has now prescribed specific statutory standards to be followed in conducting such reviews and directed that those new standards be applied in the review of *all* benefit claims, including those of members of certified classes. Whether the Secretary should have fol-

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Mathews v. *Eldridge*, 424 U.S. 319 (1976); and *Weinberger* v. *Salfi*, 422 U.S. 749 (1975). See Pet. 15, 19-20 n.13. The Solicitor General decided not to seek review of that holding, however, because of the pendency of the disability legislation before Congress to resolve the medical improvement issue, the preliminary nature of the district court's relief, and the fact that most persons whose claims still were pending before the Secretary would have their cases considered under the Ninth Circuit's "medical improvement" standard in any event by virtue of paragraphs 4(a) and (b) of the district court's order, which had not been stayed. See Pet. 10, 29 n.18.

lowed the approach of *Finnegan* and *Patti* prior to passage of the 1984 Act therefore is irrelevant.[4]

Furthermore, because the 1984 Act and this Court's order in *Kuehner* require that the cases of the named and unnamed class members be remanded forthwith to the Secretary, there will be no remaining jurisdictional basis for adjudicating the non-acquiescence issue in district court. A class action is essentially an aggregation of individual actions brought on behalf of the members of the class; the statutory remand of the cases of all class members to the Secretary for new administrative proceedings leaves no such cases in the court in connection with which respondents can litigate other "issues" that might have been raised in support of a particular class member's claim for benefits under prior law.

3. Finally, respondents offer the cryptic comment (Br. in Opp. 10 n.6) that this case differs from *Kuehner* and that some other disposition therefore might be appropriate here. But they do not identify any such differences. Nor can we conceive of any that would warrant

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[4] We note as well that Congress declined to include in the 1984 Act a provision that would have required the Secretary, as a statutory matter, to "acquiesce" within the circuit in the decision of a court of appeals. 130 Cong. Rec. H9831 (daily ed. Sept. 19, 1984) (Joint Explanatory Statement of the Committee of Conference). See also *id.* at S11454-S11455; S. Rep. 98-466, 90th Cong., 2d Sess. 21 (1984). Even assuming the issue were not moot, respondents therefore could succeed on their "nonacquiescence" argument only if the Secretary were *constitutionally* required to apply the judgment of a court in a case involving a single individual to all other individuals in the circuit. As respondents appear to acknowledge (Br. in Opp. 4 n.3), that submission would require as a constitutional matter the application of the rule of nonmutual collateral estoppel against the government that the Court unanimously rejected in *United States* v. *Mendoza*, No. 82-849 (Jan. 10, 1984). Perhaps for this reason, the Court was not receptive to respondents' constitutional argument in the stay proceedings in this case. See *Heckler* v. *Lopez*, No. A-145 (Sept. 9, 1983), slip op. 8-9 (Rehnquist Circuit Justice); (Oct. 11, 1983), slip op. 6 (Stevens, J., concurring and dissenting).

a departure from the clear statutory command, enforced by this Court in *Kuehner*, that the cases of named and unnamed class members be remanded immediately to the Secretary after resolution by the district court of any questions regarding the definition and scope of the class.

Perhaps respondents intend to rely on the fact that in this case, the Secretary has implemented the district court's preliminary injunction with regard to those class members for whom that injunction was not stayed pending appeal or certiorari and that there have been some proceedings in district court in connection with that implementation, while in *Kuehner* there had been no such implementation because the district court dismissed the complaint for lack of jurisdiction. Whatever the force of that distinction, however, it has no application to the class members whose cases are before this Court—*i.e.*, the class members for whom an adverse administrative decision became final and binding before this class action was filed. This Court has twice granted a stay of the implementation of the district court's preliminary injunction as applied to these class members. Because they have not been given an opportunity under the district court's order to have their cases reopened and to be reinstated to benefits pending that process, they are, for present purposes, indistinguishable from the class members before the Court in *Kuehner*.[5] The Court therefore should

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[5] Even as regards other class members, the past proceedings in district court in this case furnish no basis for the district court to disregard the 1984 Act in the future. Congress specified that the new statutory standards for reviewing continuing eligibility must be applied to *all* pending cases—including those of the class members in all class actions whose cases were not finally disposed of under the court's order prior to the enactment of the 1984 Act, whether or not the court might previously have ordered that the individual's claim for benefits be reopened and reviewed under some other substantive standard or judicially fashioned procedures. The duty of the Secretary and the district court is to apply the 1984 Act to all pending cases in whatever status they happened to be on the date the 1984 Act was signed into law. Of course, if the court-

dispose of the petition in this case in the same manner as it disposed of the petition in *Kuehner*.

CONCLUSION

For the foregoing reasons, we suggest that the Court enter the following order in this case:

> The petition for a writ of certiorari is granted. The judgment is vacated insofar as it affirms the exercise of jurisdiction over the case of any class member who received an administrative decision prior to December 6, 1982 that his disability had ceased and who did not seek further administrative or judicial review of that decision within 60 days. The case is remanded to the United States Court of Appeals for the Ninth Circuit to be remanded to the United States District Court for the Central District of California with instructions to: (i) remand the cases of the named respondents to the Secretary for review pursuant to Section 2(d)(2)(C) of the Social Security Disability Benefits Reform Act of 1984; (ii) make any necessary clarifications in the definition and scope of the class; (iii) remand the cases of the unnamed class members to the Secretary for proceedings pursuant to Section 2(d)(3) of that Act; and (iv) take other actions appropriate in light of that Act.

Respectfully submitted.

REX E. LEE
Solicitior General

NOVEMBER 1984

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ordered review of a particular class member's claim for benefits was completed prior to passage of the 1984 Act and the class member was found to be disabled, that favorable decision will not be reopened and readjudicated under Section 2(d) of the 1984 Act.

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v.

MARIO LOPEZ, et al., RESPONDENTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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ATTORNEYS FOR RESPONDENTS

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1984

No. 84-115

MARGARET M. HECKLER, SECRETARY OF
HEALTH AND HUMAN SERVICES, PETITIONER

v.

MARIO LOPEZ, et al., RESPONDENTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE
NINTH CIRCUIT

SUPPLEMENTAL BRIEF OF RESPONDENTS

Pursuant to Rule 22.6 of the Rules of this Court, respondents submit a supplemental brief in light of petitioner's reply brief received by respondents on November 26, 1984. Respondents will not reiterate the arguments in their brief in opposition, but some response is called for with respect to arguments contained in petitioner's reply brief.

A.

Petitioner errs in stating that this case is "for present purposes" identical to Heckler v. Kuehner, No. 83-1593. Reply brief for the Petitioner (Reply Brief), p. 1. With respect to the effect of the Social Security Disability Benefits Reform Act of 1984, Pub. Law No. 98-460, 98 Stat. 1794 et seq. (1984 Act), on her petition for a writ of certiorari, there is a critical difference between the case at bar and Kuehner.

Kuehner involved an appeal from a district court decision dismissing on jurisdictional grounds Kuehner's cause of action. See, 547 F.Supp. 49 (E.D. Pa. 1982). The decision of the Third Circuit reversing the district court constituted a final disposition on the merits of issues directly affected by the 1984 Act. See, Kuehner v. Heckler, 717 F.2d 813 (3rd Cir. 1983). The circumstances were similar to those in Beltran v. Myers, 451 U.S. 625 (1981), where the Ninth Circuit had entered what otherwise would have been a final judgment concerning an issue affected by intervening legislation passed while a petition for certiorari was pending. The Court held that, in such circumstances, it was appropriate to grant the petition for certiorari, vacate the Ninth Circuit decision, and remand to the Ninth Circuit for "reconsideration" in light of the intervening legislation. Id. at 628-629.

By contrast, in the case at bar the Secretary sought this Court's review only of the scope of preliminary relief ordered by the district court. See, Petition for a Writ of Certiorari, p. 17. Because no final judgment has been entered by the Ninth Circuit or the district court, no action is required by this Court to ensure that the intervening legislation is given effect. Any final relief ordered by the

district court will necessarily take into account the intervening legislation. See, e.g., U.S. v. Schooner Peggy, 5 U.S. (1 Cranch) 103 (1801). In this case, as in Beltran, this is not the appropriate Court initially to consider the effect of the intervening legislation. Rather, the effect of the 1984 Act should be determined, in the first instance, by the district court via motions to modify the preliminary injunction presently in effect. The Secretary herself recognized that "[t]he duty of ... the district court is to apply the 1984 Act to all pending cases...." Reply Brief, p. 7, n. 5.

B.

Petitioner purports to request this Court to enter an order "in the same manner" as it disposed of the petition in Heckler v. Kuehner, No. 83-1593. Reply Brief, p. 8. However, she proposes a mandate that would specifically vacate the judgment insofar as it affirms jurisdiction over "any class member who received an administrative decision prior to December 6, 1982, that his disability had ceased and who did not seek further administrative or judicial review of that decision within 60 days." Id. Thus, rather than an order simply vacating the decision of the Ninth Circuit and remanding the case for reconsideration in light of the 1984 Act as, for example, the Court did in Beltran v. Myers, supra, the Secretary requests that the Court reach out to issue what could be construed as a one-sentence opinion on a question -- the jurisdictional aspects of the 60-day rule -- that is no longer at issue in this case and that has never been fully briefed before this Court. Such an action by the Court would be wholly gratuitous. The Secretary made no such request in Kuehner, and there is no authority for issuing what would be, in effect, an advisory opinion stating what the Secretary speculates the

Court would have held had the 1984 Act not rendered the issue moot.

The Secretary seeks from this Court, in a summary order, comment on an issue now moot. Congress made clear in the 1984 legislation that all members of certified classes, whether or not they had exhausted, and whether or not they had pursued judicial or administrative remedies within sixty days, were eligible to be reinstated and reviewed under new standards. 1984 Act, § 2(b)(3). This the Secretary has acknowledged. See, Supplemental Brief for the Petitioners in Heckler v. Kuehner, No. 83-1593, p. 7. Nonetheless, she seeks a ruling from this Court on a matter she has admitted will affect no class member. Because the 60-day issue is moot, inclusion of the language proposed by the Secretary would serve only to invite confusion as to the Court's meaning.

The significance of the Secretary's disingenuous attempt to secure a precedential order without presenting to this Court full briefing, argument, or indeed, a live case or controversy, is heightened by the inconsistencies of the Secretary's position with the decisions of this Court. As we noted in summary fashion in our brief in opposition, this Court has repeatedly held that the 60-day time limit is not a jurisdictional bar. Weinberger v. Salfi, 422 U.S. 749, 763-64 (1975) and Mathews v. Eldridge, 429 U.S. 319, 328 n. 9 (1976). (Brief in Opposition, p. 4.) The consequence if this Court adopted the government's position in this unusual instance of executive branch defiance of judicial precedent, would be to oust the federal courts from adjudicating all claims against nonacquiescence (brief in opposition at n. 3) -- something the Secretary in her reply brief makes no attempt to deny. The Secretary's speculation about the meaning of this Court's action in twice granting "a stay of the implementation of the

district court's preliminary injunction as applied to these class members" (Reply Brief, p. 7) is surely an insufficient predicate for the advisory relief the Secretary urges on the Court. This Court should therefore decline the Secretary's invitation to address so significant a question by way of summary disposition, particularly when the impact of such a ruling would affect no class member now before the Court.

CONCLUSION

Respondents urge that certiorari be denied. If the Court grants certiorari, the matter should be remanded with no reference to the "jurisdictional" issues now rendered moot by the 1984 Act. Respondents suggest that the Court enter the following order in this case:

> The Petition for a Writ of Certiorari is granted. The decision of the United States Court of Appeals for the Ninth Circuit is vacated and the case is remanded to the Ninth Circuit for further consideration in light of the Social Security Disability Reform Act of 1984.

DATED: November 27, 1984

Respectfully submitted,

Laurence H. Tribe

LAURENCE H. TRIBE
Counsel of Record

BRUCE IWASAKI
ELENA H. ACKEL
LEW HOLLMAN
MARILYN HOLLE

Attorneys for Respondents

CERTIFICATE OF SERVICE

PURSUANT TO SUPREME COURT RULE 28.5(b)

I am a member of the Bar of the United States Supreme Court, am one of the attorneys representing the individual plaintiffs below and the respondents herein in Docket No. 84-115. I have filed a notice of appearance in this matter in connection with the respondents' opposition to petitioner's application for stay pending filing of petition for certiorari.

I served the respondent herein by mailing via prepaid United Parcel next-day mail to go out on November 28, 1984, the following document:

Three copies of Respondents'
Supplemental Brief

addressed to counsel of record as follows:

The Hon. Rex E. Lee
Solicitor General
Department of Justice
Washington, D.C. 20530

Attn: Ed Kneedler

I swear under penalty of perjury that the foregoing is true and correct.

Executed this 27th day of November, 1984, in the County of Los Angeles, State of California.

Marilyn Holle

Marilyn Holle
Protection & Advocacy, Inc.
1636 W. 8th Street, Suite 211
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MEMORANDUM FOR THE PETITIONER IN REPLY TO THE SUPPLEMENTAL BRIEF FOR THE RESPONDENTS

REX E. LEE
Solicitor General
Department of Justice
Washington, D.C. 20530
(202) 633-2217

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We file this memorandum to reply to what seems to be a complete misapprehension by respondents in their supplemental brief regarding the import of the order we suggested that the Court enter in this case. See Reply Br. 8.

The order we suggest that the Court enter in this case is identical to that entered by the Court in Heckler v. Kuehner, No. 83-1593 (Nov. 5, 1984), with only one exception. In Kuehner, the Court vacated the judgment of the court of appeals in its entirety. 1/ In this case, we propose that the Court's order provide that the judgment of the court of appeals "is vacated insofar as it affirms the exercise of jurisdiction over the case of any class member who received an administrative decision prior

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1/ The Court's order provided in pertinent part:

> The petition for a writ of certiorari is granted. The judgment is vacated and the case is remanded to the United States Court of Appeals for the Third Circuit * * *.

to December 6, 1982 that his disability has ceased and who did not seek further review of that decision within 60 days." Reply Br. 8. Respondents contend (Resp. Supp. Br. 4-5) that this language might be viewed as expressing an opinion on the merits of the 60-day question. They even go so far as to assert that the language we propose is a "disingenuous attempt to secure a precedential order" on that issue. Respondents' submission and gratuitous accusation are totally unjustified. Respondents' eagerness to perceive a hidden meaning in our submission apparently has caused them to overlook the self-evident reason for the language we propose.

In Kuehner, the Secretary sought review of the judgment of the court of appeals in its entirety, and this Court's order therefore vacated the judgment in its entirety and remanded the case to the court of appeals to be remanded to the district court for disposition under the Social Security Disability Benefits Reform Act of 1984. In this case, by contrast, the Secretary did not seek review of all aspects of the judgment of the court of appeals. She sought review only with regard to the class members who had not satisfied the 60-day time limit requirement. See Pet. 15-16 & n.9, 29 & n.18. Accordingly, in the conclusion to the certiorari petition, we stated that "[t]he judgment of the court of appeals should be reversed insofar as it affirms the application of Paragraph 4(c) of the district court's preliminary injunction to class members who received an adverse administrative decision prior to December 6, 1982, and did not seek further administrative or judicial review of that decision within 60 days." Pet. 29. Now, in the reply brief, in light of the passage of the Social Security Disability Benefits Reform Act of 1984 since the filing of the certiorari petition, we no longer argue that the Court should reverse the judgment of the court of appeals; we argue instead that the Court should vacate the judgment of the court of appeals as to these same class members

and remand to the district court for disposition of their individual cases under the 1984 Act.

The language in our proposed order to which respondents object thus simply identifies the portion of the judgment below that we sought to have reviewed by this Court and that accordingly should now be vacated by the Court. If the Court enters an order that simply vacates the judgment of the court of appeals to that extent, it obviously will not constitute a decision on the merits of the 60-day time limit issue presented in the certiorari petition, as respondents seem to believe (Resp. Supp. Br. 4-6). Rather, it would simply remove the precedential value of a patently erroneous court of appeals decision on the 60-day issue that this Court is disabled from reviewing because of the intervening statute. However, because respondents appear to view this singling out of the 60-day issue as somehow objectionable, we would agree to respondents' alternative proposal (Resp. Supp. Br. 6) that this Court simply vacate the judgment of the court of appeals in its entirety.

In either event, there is no reason for the Court to remand the case to the court of appeals for further consideration in light of the 1984 Act, as respondents suggest (Resp. Supp. Br. 6). In its order in Kuehner, the Court remanded the case to the court of appeals to be remanded to the district court with instructions to remand the cases of the individual class members to the Secretary pursuant to the 1984 Act and to take other actions appropriate in light of that Act. Respondents offer no reason for a different approach here. Intervening consideration by the court of appeals could only delay the statutorily prescribed remand to the Secretary under the 1984 Act, which Congress intended to occur expeditiously. There also is a strong interest in uniformity in the disposition of the class actions covered by the 1984 Act, which further counsels in favor of entering essentially the same order in this case as in Kuehner.

It is therefore respectfully submitted that the Court should enter the order suggested at page 8 of our reply brief. 2/

REX E. LEE
Solicitor General

NOVEMBER 1984

2/ Respondents contend (Resp. Supp. Br. 3) that this case differs from Kuehner because there, in respondents' view, the Third Circuit's decision constituted a "final disposition on the merits of issues directly affected by the 1984 Act," but here there was no such final disposition by the courts below. This attempted distinction is wholly without merit. In Kuehner, the Third Circuit did not even finally dispose of the jurisdictional issue; it instead contemplated that proceedings would be required in district court on whether the Secretary had taken a "final position" on the substantive issues involved. But beyond that, since the Third Circuit and district court had addressed only jurisdictional issues, they manifestly had not rendered a "final disposition" on the medical improvement and other substantive issues affected by the 1984 Act. Neither, of course, did the Ninth Circuit in this case, as respondents acknowledge. This case and Kuehner therefore are identical for present purposes.

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No. 84-115 (4)

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[1]The Court's order provided in pertinent part:

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REX E. LEE
Solicitor General

DECEMBER 1984

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